

Herald Tribune INTERNATIONAL

Published With The New York Times and The Washington Post

No. 33,910

10/92

LONDON, SATURDAY-SUNDAY, MARCH 7-8, 1992

ESTABLISHED 1887

Pentagon Considers Boarding 2 North Korean Cargo Ships

Vessels Carry Scuds Bound for Iran and Syria

By Patrick E. Tyler

WASHINGTON — The Bush administration is examining the military option of boarding two North Korean cargo ships that are heading for Iran loaded with Scud-B ballistic missiles for the arsenals of Syria and Iran, according to administration officials.

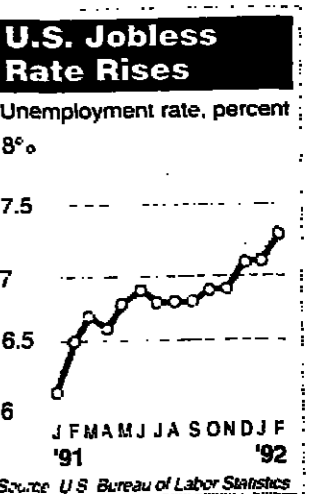


READY FOR RAMADAN — An overflow crowd praying Friday on the stairs at New Delhi's largest mosque, the Jama Masjid, as the beginning of the holy month of Ramadan approached.

Unemployment Rises to 7.3% In U.S. Despite Increase in Jobs

By Lawrence Malkin

NEW YORK — The U.S. economy started creating new jobs again last month, but a welter of statistical adjustments helped temper the good news on Friday, confounding financial markets and disappointing President George Bush's re-election campaign.



The most economically significant figure was the report by the Labor Department that the total number of employees on business payrolls increased by 164,000 in February, far more than expected and the biggest jump since May 1990.

At Cut Rate, Washington Hires 116 Russians for Fusion Work

By William J. Broad

NEW YORK — The U.S. government is hiring more than 100 scientists from Russia to help America harness the vast energy of nuclear fusion.

U.S. Lets Ex-Soviets In on Modern Communications

By Keith Bradsher

WASHINGTON — The United States has reached tentative agreement with Europe and Japan to loosen international controls on exports of advanced telecommunications equipment to the former Soviet republics.

Kiosk

Major and Bush Firm on Iraq

LONDON (Reuters) — Prime Minister John Major and President George Bush agreed Friday that they would use whatever means necessary to force Iraq to comply with UN resolutions on weapons destruction.

Computer Bug Flops

Personal computer users reported only scattered outbreaks Friday of the Michelangelo virus and no widespread damage.

Special Report

Italy's glamorous fashion names are taking back control at the retail level. Pages 6-7.

Table with financial data: Dow Close 3,221.00, Down 19.90, The Dollar in New York DM 1.6675, Pound 1.719, Yen 131.85, FF 5.6645.



ROYAL BIRTHDAY — Nagako, widow of Emperor Hirohito of Japan, celebrated 89 years Friday.

Azerbaijan Chief Quits, Ending 'Torment'

By Michael Dobbs

MOSCOW — President Ayaz N. Mutalibov of Azerbaijan bowed to opposition demands for his resignation Friday following a serious reversal suffered by his republic in its territorial dispute with neighboring Armenia.

Tokyo Seeks to Loosen Old School Ties

By David E. Sanger

TOKYO — A few weeks ago, Prime Minister Kiichi Miyazawa, who graduated from the University of Tokyo in 1941, turned to his chief aide, Koichi Kato, who graduated from the same university in 1964, and declared that a nagging problem with the Japanese government had gotten out of control.

An American Rx for Postsurgery Pain

By Boyce Rensberger

WASHINGTON — Millions of people who have surgery or who sustain serious wounds suffer needlessly from prolonged, severe pain, according to federal health officials, often because doctors and nurses administer inadequate doses of pain killers out of an unjustified fear of causing addiction.

# Bulgaria's Capitalist Revolution Rolls On, However Slowly

By Blaine Harden

Washington Post Service  
SOFIA — "America Backs Bulgaria," crowed the headline in Democrazia, the newspaper of the governing political party. The headline, over a report of a speech by Deputy Secretary of State Lawrence S. Eagleburger, reflected Bulgaria's march from Communist pariah to respected member of the international community. Referring to a nation that is widely suspected of having plotted to murder Pope John Paul II, whose spies killed at least one disloyal citizen with a poison-tipped umbrella and whose leaders prided themselves on their close ties to hard-liners in Moscow, the No. 2 official at the U.S. State Department said "the Bulgarian revolution has traveled the furthest distance" of any in Eastern Europe.

Mr. Eagleburger told a conference of potential American investors in Washington on Wednesday that two years of "amazing changes" have allowed Bulgaria, despite a bleak history of misrule, to join Poland, Hungary and Czechoslovakia in the first rank of post-Communist democratic states committed to capitalist change. "It is no exaggeration to say that Bulgaria under democracy has not only overcome the legacy of communism, it is in the process of overcoming the legacy of history," Mr. Eagleburger said. "The best-kept secret in central and Eastern Europe will be a secret no more." Here, where 8.5 million Bulgarians have been forced to wean themselves of near-total dependence on the former Soviet Union and where electricity cuts have kept them interminably in the dark through two cold winters, the speech was greeted as an act of deliverance. "We deserve such praise because we did a lot of courageous things," said Marianna Todorova, an economic adviser to President Zhelyu Zhelev. Bulgaria has, indeed, stood Stalinitist tradition on its head. But, Mr. Eagleburger's speech notwithstanding, the country has performed this shock therapy in slow motion. This country has been overlooked in Eastern Europe, in large measure because only now is it getting around to changes that were making headlines in Poland two years ago. The government of Prime Minister Philip Dimitrov, who this week is visiting the

United States, has yet to pass into law many of the basic legislative building blocks of a post-Communist society, such as laws on privatization of state enterprises and bankruptcy. Mr. Dimitrov's government says passage of these laws, drafts of which are before the Bulgarian legislature, is just a few weeks away. He said in Washington on Thursday that conditions will soon be optimal for foreign investors. "Money can be made in Bulgaria, a country with steady and stable democracy right at the place that connects Europe with Asia," he said. But he acknowledged that so far "not much has been accomplished" as far as foreign investment is concerned. In Poland, democratic change has moved at such a dizzying pace that the country is now on its third elected government and many Poles are reluctant to allow Western investors to buy up the country on the cheap. Bulgarians, who have had a wholly non-Communist leadership for less than a half-year, do not yet have a major foreign investor to welcome or to resent. This week, for the first time, neon signs were being erected in the capital's central business square to advertise Johnny Walk-

er whisky and Panasonic electronic goods. It took cautious Bulgarian voters more than two years — as well as two nationwide free elections — before they decided to vote the Communists out of power. Elderly voters in the countryside, many of whom had benefited from Communist social programs, were particularly reluctant to do so. The scars of communism, however, do not seem to affect the loan calculations of the World Bank and the International Monetary Fund, which are impatient with Bulgaria. "The changes are not big and fast enough and have to continue," the IMF delegation leader, Anuf Singh, said here last week. John Wilton, a World Bank official, said that Bulgaria, unlike other East European countries, agrees completely on all points of change. "The problem is it takes too long," Mr. Wilton said. "We've agreed that small-scale privatization will start and that before the end of 1991, many private farms will be set up. None of it was done." Mr. Wilton warned that Bulgaria would have to pick up the pace before the World Bank will come through with its second \$100 million in loans.

Mr. Dimitrov will be holding talks with World Bank and IMF officials in Washington next week. He also met with President George Bush on Tuesday. In the Balkans, since the fall of communism, it is a rare nation that has the luxury of debating the niceties of economic change. In this part of Europe, with the passing of Communist enforcers, there are ethnic scores to settle. Yet, as Mr. Eagleburger said in his speech, Bulgaria has been unexpectedly blessed with leaders who seem immune to a regional epidemic of hatred. Mr. Eagleburger compared war-ravaged Yugoslavia, which he said was "mired in the hatreds of the past and sliding further into the past," to Bulgaria, which has cemented friendly ties to historic enemies such as Greece and Turkey. The Turkish minority in Bulgaria has won a powerful voice in parliament. He said that Bulgaria, against all historical precedent "is transcending those hatreds and is thus poised to move forward into a totally different and far better kind of future." "It deserves the fullest support from the international financial institutions and integration into the Western family of nations," he added.

## WORLD BRIEFS

### Turkey Seals Mine, Interring 147

KOZLU, Turkey (Combined Dispatches) — A team of German mine engineers arrived in Kozlu on Friday to help put out an underground fire that forced a halt in rescue operations, effectively condemning 147 trapped workers to death. Ozer Oker, the head of the state-owned Coal Enterprise, said Friday that 265 miners had died in the coal mine disaster, which is Turkey's worst. Turkish officials have given varying counts of the number of dead and missing after the methane gas explosion Tuesday. But Mr. Oker said Friday that 118 bodies instead of 122 had been recovered and that 147 miners trapped deep underground were still dead. "It's an especially big fire that doesn't happen very often," said Walter Hermulheim, leader of the group of engineers from Germany's Essen Mine Rescue Station. A mine company official said nine pit entrances were being closed off at the surface. (AP, Reuters)

### U.S.-Vietnam Pact on MIA Searches

BANGKOK (AFP) — Vietnam has agreed to press the search for U.S. servicemen missing from the Vietnam War under a two-year plan that will escalate joint searches and concentrate on 135 priority cases, a senior U.S. official said Friday. Much of the searching will be conducted during the next 10 months, Richard H. Solomon, assistant secretary of state for East Asian and Pacific affairs, said after returning from Vietnam and Laos. He said the searches would concentrate on the priority cases in which the individual was still alive when last seen. The two sides hope to resolve as many of the nearly 2,300 cases of Americans listed as missing in action or prisoners of war before the two-year period ends.

### Brown Urges Troop Cut in Europe

International Herald Tribune  
Edmund G. (Jerry) Brown Jr., the former California governor and a Democratic candidate for president, says that if he were elected president he would practically eliminate U.S. troops in Europe, cutting them to 1,000 on an "exchange program." Other Democratic hopefuls also want sharp cutbacks from the current level in Europe of 300,000. Governor Bill Clinton of Arkansas said that "far fewer" troops were needed, but he held out the possibility of using U.S. personnel in an international force to restore order in Yugoslavia. Paul E. Tsongas, the former Massachusetts governor, said that 50,000 to 90,000 troops were necessary to keep the U.S. commitment to the North Atlantic Treaty Organization. Senator Tom Harkin of Iowa said that NATO could be phased out as a military force, with only 20,000 U.S. troops remaining. President George Bush proposes halving U.S. troops in Europe to 150,000.

### U.S. Gives Pakistan Arms Loophole

WASHINGTON (LAT) — Despite a government ban on military sales to Pakistan, the Bush administration quietly has permitted the Pakistani armed forces to buy American-made arms from commercial companies for the last year and a half, according to administration officials and classified documents. Among the military items licensed for sale to Pakistan are spare parts for F-16 fighters, which form the nucleus of Islamabad's air force, administration officials confirmed. The administration permitted the sales despite a 1985 law, which said that "no military equipment or technology shall be sold or transferred to Pakistan," unless the president certifies to Congress that "Pakistan does not possess a nuclear explosive device."

### Ghana Sets Civilian Rule for Jan. 7

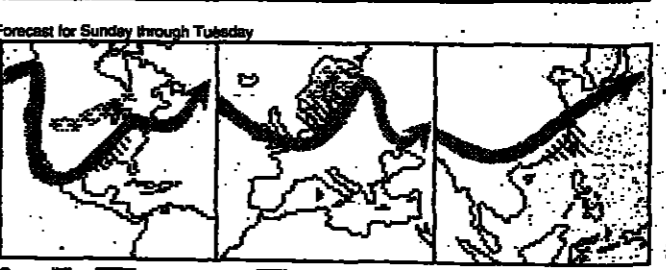
ACCRA, Ghana (Reuters) — Ghana's provisional government, in power for 11 years, has set out the timetable for a return to civilian rule by Jan. 7, 1993. In a broadcast Thursday night, the head of state, Flight Lieutenant Jerry J. Rawlings, said the process would start April 28 with a referendum on a new constitution, whose final draft will be completed by March 30. Lieutenant Rawlings, 44, who took power in a coup in 1981, also set presidential elections for Nov. 3 and parliamentary voting for Dec. 8.

## TRAVEL UPDATE

### American Airlines Gets Top Ratings

WASHINGTON (AP) — American Airlines turned in the highest-quality performance of U.S. airlines while three others with serious financial troubles ranked last, according to an aviation research institute. Southwest Airlines nudged past two industry giants, Delta and United, for second place in airline quality as rated by the Wichita State University National Institute for Aviation Research. Trans World Airlines, which recently sought the protection of the federal bankruptcy laws, was rated in last place. Using a variety of government and public data, the institute compiled the ratings based on many factors, including on-time performance, accidents, customer service, the age of each airline's fleet, lost and mishandled baggage, overbookings and financial stability. France and Germany negotiated an agreement Friday that they hope will be signed in May to extend France's high-speed train to Frankfurt and Munich. France is studying the cost of extending the TGV, or TGV Grande Vitesse, through northeastern France to the German border. A result of the study is due in the spring. (AP)

## The Weather



North America: A storm with rain and snow will hit the Great Plains Sunday and the Great Lakes Monday. Drenching showers will occur in the mid-South. The Eastern Seaboard will be mild and mainly dry through Monday. It will be dry in California too. Europe: It will become colder early next week across Northern Europe, especially in Scandinavia, where it will be rather stormy. There will be cooling in London and Paris Sunday with a few showers. The cool, clear weather will persist in California too. Asia: Cool rain will wet Taipei and Hong Kong Sunday. Rain will begin late Sunday in western Japan. It will rain in Tokyo Monday. Seoul and Beijing will be mainly dry. Bangkok and Manila will be hot. Along with sunshine, it may shower in Singapore.

| City          | Today       | Tomorrow    |
|---------------|-------------|-------------|
| Algeria       | 19.06 10.50 | 20.89 10.50 |
| Amsterdam     | 14.57 8.43  | 11.26 3.37  |
| Athens        | 4.29 -1.03  | 8.46 -2.09  |
| Bangkok       | 18.81 8.43  | 18.84 7.44  |
| Berlin        | 18.54 9.12  | 17.11 6.27  |
| Buenos Aires  | 9.48 -2.29  | 12.23 2.30  |
| Calcutta      | 13.26 6.29  | 9.48 1.24   |
| Cairo         | 14.27 3.25  | 13.55 3.37  |
| Copenhagen    | 13.56 3.43  | 7.44 2.30   |
| Costa Del Sol | 21.70 9.48  | 22.71 11.52 |
| Dublin        | 13.56 3.43  | 7.44 2.30   |
| Edinburgh     | 12.23 7.44  | 7.44 2.30   |
| Geneva        | 20.89 8.48  | 18.84 7.44  |
| Helsinki      | 18.81 8.43  | 14.57 4.29  |
| London        | 21.70 9.48  | 14.57 3.37  |
| Madrid        | 18.81 8.43  | 17.11 6.27  |
| Moscow        | 19.06 10.50 | 20.89 10.50 |
| Osaka         | -1.21 -0.18 | 2.25 -4.29  |
| Paris         | 17.11 6.27  | 14.57 3.37  |
| Rome          | 19.06 10.50 | 20.89 10.50 |
| Sydney        | 21.70 9.48  | 14.57 3.37  |
| Tokyo         | 17.11 6.27  | 14.57 3.37  |
| Washington    | 13.56 3.43  | 7.44 2.30   |
| Yokohama      | 17.11 6.27  | 14.57 3.37  |

## Baker Criticizes Palestinian Stance

By David Hoffman

Washington Post Service  
WASHINGTON — Secretary of State James A. Baker 3d has privately criticized Palestinian negotiators at the Middle East peace talks for "posturing" and urged them to focus more on negotiating specific proposals with Israel than on their broader goal of establishing an independent state, according to administration officials. Mr. Baker expressed frustration with the Palestinians during a meeting in his office this week at the conclusion of the fourth round of talks. A senior State Department official on Thursday outlined Mr. Baker's concerns. While urging all sides to get down to substantive negotiations, the official singled out the Palestinians. "It seems that the Palestinians are more focused on the media than on the negotiations," the official said. "The Palestinians need to do more negotiating than posturing. In our view, they ought to have experts present their views as the Israelis did in this round." Haidar Abdel-Shafi, leader of the Palestinian delegation, rejected the criticism. "This is not true at all, and the record is straight," he said Thursday. Nabell Shaath, a political adviser to Yasser Arafat, the chairman of the Palestine Liberation Organization, said the Palestinians have put a detailed plan for elections and other measures on the table. Last week, Mr. Baker publicly demanded that Israel stop settlements in the occupied territories in order to qualify for \$10 billion in U.S. loan guarantees. His latest complaints to the Palestinians seemed designed, in part, to show that he was prodding both sides. Senior U.S. officials said that Mr. Baker believes the Palestinians, having presented a maximum opening position, should now focus more on the kinds of details out-

lined in an Israeli proposal for greater autonomy in day-to-day affairs of the occupied territories. The Israeli proposal, outlined in the talks that ended this week, envisioned giving Palestinians greater control over such areas as education and taxes but did not include any self-governing authority. The Palestinians harshly criticized the proposal for this lack of political authority. The Palestinian proposal envisions internationally supervised elections this year and calls for the creation of a legislature and other institutions, such as police. The Israeli delegation reacted negatively, saying the plan was the framework for an independent Palestinian state. The talks ended with the Israeli and Palestinian negotiators exchanging proposals, but there was little progress on other fronts and no date set for resumption. ■ End Strife, PLO Urges *Isran A. Hijazi of The New York Times reported earlier from Beirut.* Sharply divided over peace talks with Israel, Palestinians in Lebanon have been urged by a PLO official to halt factional strife and to stop turning their weapons on one another. A wave of killings has rocked camps where tens of thousands of refugees live. "Let's save our blood and bullets for fighting the Israeli enemy," said Zaid Wehbeh, the local representative of Mr. Arafat. He was speaking Thursday at the Ain el Helweh refugee camp in the city of Sidon, 40 kilometers (25 miles) south of Beirut. A similar appeal had been made by Shafiq Hout, head of the PLO office in Beirut, during a visit to Palestinian camps in Tyre, south of Sidon. The five refugee camps in Sidon and Tyre have been torn by factional clashes since Palestinians from the West Bank and Gaza Strip joined Israel in peace negotiations last fall with the endorsement of the PLO.



GREETINGS — A Turkish worker kissing the hand of Mikhail S. Gorbachev on Friday in Munich. The former Soviet president, who with his wife, Raisa, left, is on a visit to Germany, was in the Bavarian capital for talks with the finance minister, Theo Waigel.

## Martens Protégé to Form New Belgian Coalition

Compiled by Our Staff From Dispatches  
BRUSSELS — Belgium's main center-left political parties agreed late Friday to form a new government headed by a Flemish Christian Democrat, Jean-Luc Dehaene. Baudouin, king of the Belgians, is expected to approve the proposed cabinet list. "There has been an agreement and there will be an appointment with the king probably before midnight," a spokeswoman for Mr. Dehaene said. "Dehaene will be prime minister." The announcement ended uncertainty sparked by the Nov. 24 election setback to the center-left coalition headed by Wilfried Martens, Europe's longest-serving prime

minister. Mr. Dehaene, 51, is a protégé of Mr. Martens. The new coalition, Belgium's 35th since World War II, will be made up of the same four parties — Socialists and Christian Democrats from both sides of the country's linguistic divide — that formed the previous government. Bickering between Dutch-speaking Flanders and francophone Wallonia brought down that coalition, as it has so many others, and led to a huge protest vote in November that brought votes for environmentalists and extreme-right parties. Although it is theoretically possible that Mr. Dehaene could form a cabinet and propose someone else

to lead it — as he did in 1988 when Mr. Martens continued in office — his spokeswoman and other political sources said Mr. Dehaene was certain to take the top job this time. That will mean that Mr. Martens, who has headed a virtually paralyzed caretaker administration since the elections, will finally step down. Also a Flemish Christian Democrat, Mr. Martens held the job for nearly 12 years with one minor interruption. Mr. Dehaene, who served as deputy prime minister and communications minister in the previous government, is a masterful fixer who has flourished in the shadowy world of Belgian politics. But even his supporters admit

that, despite his enthusiasm for soccer and his homespun Flemish conservatism, Mr. Dehaene has something of an image problem. He has said he wants a smaller cabinet to be able to tackle such urgent problems as the budget deficit and Belgium's public debt, currently the biggest in Western Europe in terms of gross national product. But his program contains no details of how this will be done. The government will have 120 of the 212 legislative seats. But it must find enough support from other parties for a two-thirds majority by July to push through promised constitutional changes devolving more power to the governments of Flanders and Wallonia. (Reuters, AFP)

## Vance Confident on UN Deployment As He Winds Up Yugoslav Mission

By John F. Burns

New York Times Service  
BELGRADE — Cyrus R. Vance concluded his latest UN mediating mission here Friday and said he remained confident that the United Nations could proceed with its plans to deploy a 14,400-member peacekeeping force, despite ethnic tensions in the republic of Bosnia-Herzegovina and the threat they could pose to the United Nations' task of enforcing the cease-fire in neighboring Croatia. Mr. Vance's three-day trip preceded the arrival here of Lieutenant General Satish Nambiar, the Indian commander of the peacekeeping force, who is expected in Belgrade on Sunday. The general will be accompanied by about 30 field commanders and civilians. UN officials have said that they will be followed within days by a initial party of about 240 troops. In mid-March, after reconnaissance of the areas of Croatia to be patrolled by the UN units, about 400 soldiers will begin arriving daily, with the full force of 12 infantry battalions, police units and civilian monitors, drawn from 30 countries, expected to be deployed by mid-April. Mr. Vance's visit was his sixth here since October, and in some ways the most critical, since it offered the former U.S. secretary of state what is likely to be the last opportunity to review the situation facing the UN troops before deployments begin. Mr. Vance is acting as a special envoy of the UN secretary-general, Boutros Boutros Ghali. He has made no secret of the fact that he and Mr. Boutros Ghali consider the plan to send UN troops here one of the

most difficult the world body has undertaken since peacekeeping forces were sent to the former Belgian Congo in the early 1960s. That operation pitched the UN troops into the middle of a bitter African war. The key to Mr. Vance's trip was his visit on Thursday to Sarajevo, the capital of the ethnically mixed Bosnia-Herzegovina, which has been the scene of growing ethnic tensions after an independence referendum last weekend. The Serbian minority in the republic boycotted the referendum, leaving the voting to Muslims and Croats, who overwhelmingly approved independence. But the vote was accompanied and followed by armed clashes and bomb blasts in which several people were reported to have died. Serbian leaders have warned that civil war could break out. For UN officials, the tensions in Bosnia-Herzegovina posed a double threat. Sarajevo will be the headquarters for the UN force, and trouble there could seriously disrupt the peacekeeping operation. Fighting among the republic's ethnic groups would also risk reigniting the war in Croatia, on the republic's northern border, where Serbs and Croats battled each other for seven months until a truce took effect on Jan. 3. Before leaving Belgrade on Friday for Zagreb, where he met with the Croatian leader, President Franjo Tudjman, Mr. Vance said he was encouraged by a peace march of about 60,000 people in Sarajevo that coincided with his visit there. He said it indicated popular discontent with the ethnic violence and consequent economic chaos in Bosnia-Herzegovina, Serbia and Croatia.

## Deng Vows No Reprisals, Urges Exiles to Return

Reuters  
BEIJING — China's senior leader, Deng Xiaoping, has urged all exiled Chinese, whatever their political views, to come home and promised no reprisals, Chinese sources said Friday. All Chinese who have gone overseas are welcome to return home "no matter what their political views and what views they have expressed in the past," a source close to the party quoted Mr. Deng as saying. In his first major speech to be distributed to Communist Party members for more than two years, Mr. Deng emphasized the contri-

## Irish Rape Case: Girl Has Abortion

Reuters  
DUBLIN — The 14-year-old Irish girl who says she was raped by a friend's father has had an abortion in England, police sources said Friday. Samples of amniotic fluid were taken during the operation for use in prosecuting the case that has divided Roman Catholic Ireland. Blood samples have also been taken from the family friend accused of the rape, and results of the two genetic "fingerprinting" tests were expected within five weeks. An international furor erupted when a Dublin court originally banned the girl from going to Britain for an abortion. The Supreme Court overruled the ban.

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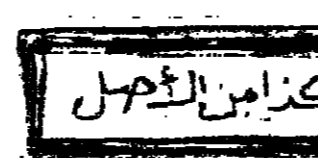
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# Bush Lashes Out At 'Politics of Hate,' Not at Buchanan

Compiled by Our Staff From Dispatches

**OKLAHOMA CITY** — President George Bush called on Americans on Friday to "reject the ugly politics of hate" in an apparent attack on Patrick J. Buchanan, who is challenging him for the Republican presidential nomination.

Without naming Mr. Buchanan, who has been accused of racist and anti-Semitic statements, Mr. Bush told students at Oklahoma Christian University that he was counting on "young people especially" to reject the ugly politics of hate that's rearing its head again.

"Anti-Semitism, racism, bigotry, they have no place in the United States of America," he said.

The president's remarks followed a charge from Governor Bill Clinton of Arkansas that President Bush was allowing anti-Semitism to enter the campaign by not speaking out against it "in his own backyard."

The comments from Mr. Clinton, a leading candidate for the Democratic nomination, referred to Mr. Buchanan, a conservative Republican.

Jewish groups and others have objected to some of Mr. Buchanan's writings and statements as anti-Semitic.

At a recent rally, a Jewish group criticized Mr. Buchanan, and he declared, "This is a rally of Americans, by Americans and for the good old U.S.A., my friends."

Speaking of that in an interview published Friday by the Jewish Media Group newspapers in Miami, Mr. Clinton said: "The president should speak out against anti-Semitism wherever it occurs, and especially when it occurs in his own backyard, in his own party."

Officials in the Bush campaign said the president had decided against a direct personal confrontation with Mr. Buchanan because he did not want to alienate the challenger's conservative supporters going into "Super Tuesday," the cluster of 11 primaries and caucuses set for next week. Six of the states are Southern, with large blocs of conservative voters.

Martin Fitzwater, the president's press secretary, said: "We do have a lot of strong feelings about the negative way Pat has conducted himself. His tactics are offensive."

However, Mr. Fitzwater said, "We want those conservatives to be with us in November."

Mr. Bush has gone out of his way not to join the criticism of Mr. Buchanan as a purveyor of racial and anti-Semitic notions.

"We reject the haters and we're for the American people," the president said Thursday, but he warned that he did not intend that as a specific commentary on a question about Mr. Buchanan.

"I've got to try to lead the country," Mr. Bush said in Columbia, South Carolina, when asked if his challenger's campaign appealed to racial prejudice. "You don't get anywhere if you start trying to tear down the other guy or appealing to the ugly side of things."

Asked if he would bury the hatchet with Mr. Buchanan once the nomination race was over, Mr. Bush replied, "I'm sure I've always been able to get together with people."



Mr. Bush making a point after he was presented with a hammer by the Home Builders Association of Columbia, South Carolina.

# Fear of Quebec Split Echoes in Ottawa

By William Claiborne  
Washington Post Service

**OTTAWA** — Anxiety is growing in this 134-year-old capital city over Quebec's threat to hold a secession plebiscite in October if its demands for greater autonomy are not met by the federal government.

Many fear that instead of being a monument to the cultural duality of the Canadian confederation, the national capital that stretches from Ottawa, Ontario, across the Ottawa River to the city of Hull, in Quebec, could become a pawn in a bitter dispute over settlement of property and patronage.

If Quebec separates from Canada, the move would be most severely felt across the river in the predominantly French-speaking region known as the Outaouais, where nearly a third of the workers could lose their federal jobs. Moreover, Canada would find some of its federal offices and national museums located in another country.

"The very thought of separation has shaken families and neighbors and friends," said Jean E. Pigott, chairman of the National Capital Commission, the official property steward for the capital region. "The shadow of separation is acutely felt here. When people look over the precipice, it's frightening."

Ironically, Mr. Pigott and other officials said, the Quebec side of the river was deliberately developed in the 1970s to give Hull an equal share of the seat of government and transform Ottawa from a capital city to a capital region shared by the French and English.

Beginning in 1969, more than 20,000 public servants were moved across the river, federal buildings were erected, roads built and other services installed to assure the multicultural character of the burgeoning capital. From 1971 to 1981, 46 percent of all new jobs created on the Quebec side were in the federal public service.

"This is where the two cultures come together. Even if Quebec doesn't separate, there will have to be a rationalizing of the duplication of services, a downsizing," Mrs. Pigott said, referring to the insistence of even staunch federalists that Canada's 1982 constitution be changed to transfer many federal responsibilities to the country's 10 provinces.

Similarly, the capital region's population is more than 800,000, including about 200,000 on the Ontario side and 600,000 on the Quebec side. About 100,000 people are in public service, a third of Canada's federal employees.

Since the collapse in June 1990 of proposed constitutional reforms aimed at keeping Quebec in the Canadian confederation by giving it more autonomy, any dreams of furthering this expansion have been thrown into doubt and talk has centered on the cost of dividing national assets and national liabilities should the province secede.

There has been a flurry of studies designed to forecast the impact of Quebec separation on the capital region. One, conducted by the National Capital Commission, said a continuation of the present federal-provincial relationship would benefit the French side and intensify its French character.

However, the study predicted that a modified confederation, with more powers being given to the provinces, would result in a reduction of federal departments in Hull.

# Inmate's Homemade Case Wins U.S. Court Appeal

By David Margolick  
New York Times Service

**NEW YORK** — Somewhere in the bowels of Camp J, the Louisiana State Penitentiary at Angola, not far from where three guards kicked, pinched and pummeled him nearly nine years ago, prisoner No. 91888, Keith J. Hudson, may be saving something few lawyers anywhere have known in recent years: He took a civil liberties case to the U.S. Supreme Court, and he won.

By a vote of 7 to 2, the justices last week agreed with Mr. Hudson that prison beatings violate constitutional provisions against cruel and unusual punishment, even if they result only in split lips and bloody noses rather than concussions and broken bones.

"When prison officials maliciously and sadistically use force, contemporary standards of decency always are violated," Justice Sandra Day O'Connor wrote.

For Mr. Hudson, 32, the ruling was the culmination of nine years of legal work, in which he read precedents from law books brought to his cell by prison messengers, and hunted and pecked on a portable typewriter, producing legal briefs replete with typos, spacing mistakes and uneven margins.

Mr. McMullan put him in handcuffs and shackles and began transporting him to a cell known as the dungeon. On the way, he threw Mr. Hudson against the wall. "Hold him," Mr. McMullan told another guard. "Let me knock his gold teeth out." As Mr. McMullan

punched the prisoner in the mouth, a third guard looked on. "Don't have too much fun!" he told his colleagues.

The pummeling, Mr. Hudson wrote, split his lip, broke his dental plate and left him "bleeding and swelling about the face and bruised about the body." He quickly filed a complaint, seeking "fifty thousand dollars" in damages and an order "to prohibit further cruelty to myself and other inmates housed at Camp J."

At a hearing in March 1987, Mr. Hudson produced and questioned two corroborating witnesses, cited his rights under the first, eighth and 14th amendments to the constitution, recounted the guards' racist, crude and curse-ridden comments and told the judge that he had suffered "not only mental and physical anguish but a permanent psychological scar for life."

The judge awarded Mr. Hudson \$800 in damages. But in July 1990, a three-judge panel of the 5th U.S. Circuit Court of Appeals reversed the decision. The court concluded that the force the guards used was unreasonable, excessive, unnecessary, wanton — but constitutional.

Mr. Hudson asked the Supreme Court to review the case.

In his petition he contended that the appellate judges had misread the constitution.

"This ruling falls short, because of its negligence in also considering the 'mental injury' sustained, which is more significant than physical damage," he said.

The court agreed.

Although 65 percent of Angola's 5,200 inmates are illiterate, word has spread at the prison that one of its own had secured an important legal victory.

Word has also spread that one of the Supreme Court's two dissenting justices was Clarence Thomas who, like Mr. Hudson and 85 percent of Angola's residents, is black.

"This guy has forgotten his roots, or may remember them too well and like many black professionals, is trying to distance himself from them," said Wilbert Rideau, editor of *The Angolite*, the prison's news magazine. "There's no sense of obligation, no sensitivity, no nothing."

"We might have had a better deal with David Duke on the court," he said.

From Mr. Hudson's cell in Camp J, there is, except for the tapping of his typewriter, only silence.

# Stan Arms Loophole

Despite a government ban on military sales to Pakistan, the U.S. State Department has permitted the export of arms from commercial companies to the Islamic republic.

The U.S. State Department has permitted the export of arms from commercial companies to the Islamic republic.

# Mafia Informer in Gotti Trial Concedes That He's a 'Rat'

By Arnold H. Lubasch  
New York Times Service

**NEW YORK** — Firing questions with derision and disdain, a defense lawyer tore into Salvatore Gravano, attacking the character and credibility of the stoic Mafia turncoat who is the prosecution's crucial witness against John Gotti.

Under cross-examination, Mr. Gravano seemed coldly composed in general but a bit edgy at times as he leaned back in his seat and stared at his inquisitor, Albert J. Krieger, in the trial at U.S. District Court in Brooklyn. Mr. Gotti, reputed head of the Gambino crime family, is charged with murder, conspiracy and racketeering along with an associate, Frank Lucicchio.

"Rat," Mr. Gravano answered, as Mr. Gotti scowled at him from the defense table.

"I say I met John in '77, and we

both became members of the Gambino family," he testified. "I saw John periodically at wakes and weddings and business dealings that our family had, but I had no personal business dealings with John or no partnership or relationship in that way before '85."

After acknowledging that they came to know each other much better after 1985, Mr. Gravano agreed with the lawyer's statement that Mr. Gotti took "some very strong philosophical stands."

"Now, sir, you know, sir, as an absolutely unquestioned fact that John Gotti is dead set against drugs, right?" Mr. Krieger asked, raising his voice and pumping his hand up and down for emphasis.

"Yes," Mr. Gravano answered.

It was an important point for the defense because the prosecution contends that Mr. Gotti's support

# Samuel Marx, Editor Of Screen Legends, Dies

The Associated Press

**LOS ANGELES** — Samuel Marx, a tailor's son who became the Hollywood story editor responsible for such movie classics as "Lassie Come Home" and "Goodbye, Mr. Chips," died of congestive heart failure Monday. He was 90.

In his long career, he supervised the screen-writing careers of many literary figures: P. G. Wodehouse, Ben Hecht, F. Scott Fitzgerald, William Faulkner, Dorothy Parker, George S. Kaufman, Anita Loos and others.

Mr. Marx studied journalism at Columbia University in New York but had to withdraw from the program after his father died. He went to work in the export office of Universal in New York. Irving Thalberg, who later became a major executive of Metro-Goldwyn-Mayer, also worked in the export office.

In 1929, Mr. Thalberg hired Mr. Marx as a story editor at MGM. Among the films he wrote or produced were several in the Andy Hardy series, which starred a youthful Mickey Rooney and "The Beginning or the End," about the creation of the atomic bomb.

He also secured film rights to such classics as "Grand Hotel," "Mutiny on the Bounty" and "The Thin Man."

His books included "A Gaily Spree: The Literary Life of Hollywood in the 1930s"; "Mayer & Thalberg, the Make-Believe



STALLED AND SOGGY — A motorist wading to his pickup truck after more than seven inches of rain flooded parts of Houston.

# AMERICAN TOPICS

**Schools Now Offer Classes To Hone 'Emotional Literacy'**

With teen-age suicides, homicides and pregnancies increasing, some educators have begun to give courses in "emotional literacy."

The New York Times reports. The courses teach lessons in life that should be taught at home but often are not. Adaptable for any level from kindergarten through high school, lessons typically include communication and cooperation, dealing with anger, handling conflicts and preventing prejudice.

In one exercise, pupils act out a common scene from family life in which a big sister, who is studying, is angry at her younger brother, who is playing a stereo too loudly. The class is asked to suggest ways they might work out the conflict.

In a survey of 200 principals and teachers in the New York City borough of Brooklyn who had used the program, two-thirds said it had led to less physical violence and name-

calling, more cooperation and better mutual understanding.

"We need programs like this," says Mark Weiss, who is principal of New York City's South Bronx Regional High School for 13 years. But he says that society "has problems bigger than conflict resolution: poverty, the decimation of families, drugs and crime."

**Short Takes**

Rain wiped out most of the Mexican cucumber crop, causing a shortage of the refrigerated pickle, also known as the deli dill, in the United States. The deli dill is not to be confused with the processed pickle, which is fermented for months and then heated, or deli pickle, also goes from field to jar but is not heated and is refrigerated for only a few days before being sold, allowing it to keep its crispness and its fresh greenish color.

Washington's Shakespeare Theatre has moved from its 243-seat quarters at the Folger library near Capitol Hill to a sleek new 447-seat house downtown. "Farewell to the seats that made your back ache on a bad night," said The Washington Post, and to night," said The Washington Post, and to the onstage pillars that countless set designers tried unsuccessfully to make disappear."

**About People**

When the George Bushes recently paid a 20-minute call on the Ronald Reagans in the Bel Air neighborhood of Los Angeles, it was widely reported that the Reagans, to minimize picture-taking, had covered their front gate with brown paper. It's not brown paper but canvas, said Kathy Goldberg, a Reagan spokeswoman. "It's been there because of the tour buses," she said. "It's a permanent part of the gate."

President Bush, born and educated in New England, moved to Texas straight out of college in 1948, and whenever he gets back there he likes to put on a cowboy neckerchief, belt, boots and drawl. But is the Republican Mr. Bush really a Texan? "Sure he is," said Senator Lloyd Bentsen of Texas, a Democrat. "He can rope, tie and brand a lobster with the best of them."

Arthur Higbee

# RELIGIOUS SERVICES

- CHRIST CHURCH (Anglican)** 5.5. and Services 11:00. All Denominations are welcome. Rotherham St. 133, Tel. 0211/452721
- CHRIST THE KING (Episcopal/Anglican)** Sebastian-Ringstr. 22, U3 Miguel-Albuca, Sunday Holy Communion 11 a.m., Sunday School and nursery 10:45 a.m. The Rev. David Kniffel (021) 55 01 84.
- MUNICH INTERNATIONAL COMMUNITY CHURCH**, Evangelical, Bible believing, services in English 4:15 p.m. Sundays of October 31, 10 (U2 Theresenstr.) (089) 505017.
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- HOPE INTERNATIONAL CHURCH (Evangelical & for everyone)** Sun. 9:30 a.m. with children's 5.5. REV. (A) L. O. DeFrenne. Tel. 47 73 53 54 or 47 75 14 27.
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- MONTE CARLO** INT'L FELLOWSHIP, 9 Rue Louis Pasteur, Sunday School 9:45, Sunday Worship 11 a.m. & 6 p.m. Tel. 93.25.51.51.
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- BERLIN** INTERNATIONAL BAPTIST CHURCH, BERLIN, Rotherbunjo St. 100 Berlin 41 (Siegelin). Bible study 10:45, worship at 12:00 and 19:00 each Sunday, Charles A. Warford, Pastor. Tel. 030-774-6070.
- BONN/KÖLN** THE INTERNATIONAL BAPTIST CHURCH OF BONN/KÖLN, Rheinweg 9, Köln. Worship 1:00 p.m. Colin Hoque, Pastor. Tel. (02236) 47021.
- BRUSSELS** INTERNATIONAL BAPTIST CHURCH of Brussels welcomes you to join our English-speaking, Christ-centered fellowship with an active youth ministry located near the international airport. Sunday School and Bible Study 9:45 a.m. Worship Service 11:00 a.m. and 6:00 p.m. (English) 78, 1770 Woluwepark, Oppen, 02/731.12.24-Pastor Ulrich Dolder.
- BUDAPEST** International Baptist Fellowship, 11 Bimbo u. 56 behind front entrance. 10:30 Bible study, 6:00 p.m. Ray Reynolds, pastor. Tel. 115 67 82 & 5 61 16. Reached by tel. 11.
- BULGARIA** INTERNATIONAL BAPTIST FELLOWSHIP, Sofia, Oborishte St. 103, Ev. B. R. 4. Appt. Tel. 447075.
- CELJE/HANNOVER** INTERNATIONAL BAPTIST CHURCH, Friedenstr. 15, Celje, 55 12:45, 17:00, 19:30. 30 min. Drive, 20 min. by train from Hannover. Walking distance from Celje train station. Contact Andy Earl. Tel. 05141-36735.
- DARMSTADT** DARMSSTADT/BERNSTADT BAPTIST MISSION, Bible Study & Worship Sunday 10:30 a.m. 17, Dörmstrasse, Friendly Fellowship, All Denominations Welcome. Dr. W. J. Delay, Pastor. Tel. 06151-68702 (deacon).
- FRANKFURT** INTERNATIONAL CHRISTIAN FELLOWSHIP Evangelisch-Freikirchliche Gemeinde, Dörmstrasse 17-18, 6380 Bad Homburg, phone: 069-642278 or 069-642320 serving the Frankfurt and Taunus areas, Germany. Sunday worship 09:45, nursery & Sunday school 10:00, women's circle - nursery 09:30. Fellowship - Sunday 10:30, Wednesday 19:30. Pastor Al. Lewey, member European Baptist Convention. "Declare His glory amongst the nations."
- BETHLEHEM INTERNATIONAL BAPTIST CHURCH**, An Dörmstrasse 92, Frankfurt a.M. Sunday worship 11:00 a.m. and 6:00 p.m. Dr. Thomas W. Hill, pastor. Tel. 069-649509.
- HAMBURG** INTERNATIONAL BAPTIST CHURCH OF HAMBURG meets at TARBES FESTAALLE, Am Feld 19, Hamburg-Ohlsdorf. Bible Study at 11:30 & Worship at 12:30 each Sunday. Tel. 040/820616.
- HOLLAND** TRINITY BAPTIST S.S. 9:30, Worship 10:30, nursery, women fellowship - Sunday of Bloemendaal 54 in Wastenoord. Tel. 07151-78024.
- KRAKOW** INTERNATIONAL BAPTIST FELLOWSHIP, ul. Wyzwolenia 4, First Sunday each month, 6:00 p.m. Graham Gaylor, coordinator. Tel. 33 23 05 & 66 49 32.
- MUNICH** INTERNATIONAL BAPTIST CHURCH OF MUNICH, Holzer 9 English Language Services. Bible study 10:00, Worship Service 17:00. Pastor's phone 990 8534.
- PARIS and SUBURBS** EMMANUEL BAPTIST CHURCH, 56 Rue des Bons-Roisins, Rue-Matignon. An evangelistic church for the English speaking community located near the international airport. S.S. 9:45, Worship 10:45. Children's Church and Nursery, Dr. B.C. Thomas, pastor. Call 47.51.29.63 or 47.49.15.29 or informator.
- INTERNATIONAL BAPTIST FELLOWSHIP**, 6:30 p.m., 123 av. de Maline, No. 608. Near the Tour Montparnasse. The evening service - Emmanuel Baptist Church. Call 47.51.29.63 or 47.49.15.29.
- WIJFERTAL** International Baptist Church, English, German, Persian. Worship 9 p.m., Friedenstrasse 4, Wijfertal - Ransdort. All denominations welcome. Hans-Dieter Frount, pastor. Tel. 0202/4698384.
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- GENERAL INFORMATION:** Write EUU c/o Herts, Frydenlundvej 49, DK2950 Vedbo, Denmark. Tel. (45) 42-89-4184. Unitarian Universalism is a liberal religious community.
- BERLIN** AMERICAN CHURCH IN BERLIN, c/o of City Ales & Producers S.R. 9:30 a.m., Worship 11 a.m. Tel. 030-8132021.
- BONN** AMERICAN PROTESTANT CHURCH, Sunday School 9:30 a.m., worship 11 a.m., Kennedy Avenue 150. Tel. 0228 11 43 93
- BRUSSELS** THE INTERNATIONAL PROTESTANT CHURCH OF BRUSSELS, Sunday School 9:30 a.m. and Church 10:45 a.m. Kolenberg, 19 (at the school). Tel. 073.05.81. Bus 93, Tram 94.
- BUDAPEST** INTERNATIONAL CHURCH OF BUDAPEST, Budapest, Hungary. Sunday morning at 10:30 BUDA CULTURAL CENTER, Dist. I, Corvinas Street 19 (at the school). Tel. 073.05.81. Bus 93, Tram 94.
- COPENHAGEN** INTERNATIONAL CHURCH OF COPENHAGEN, 27 Farvergade, Vartov, near Nørhavn, Study 10:15-11:30. Jack Husted, Pastor. Tel. 31 62 47 85.
- FRANKFURT** TRINITY LUTHERAN CHURCH, Nibelungen Allee 54 (U-Bahn 5), Sunday School 9:30, worship 11 a.m. Tel. (069) 599478.
- GENEVA** EV. LUTHERAN CHURCH OF GENEVA, 20 rue Verdun, Sunday worship 9:30 a.m., 11:00 a.m. English. Tel. (022) 20-89-29.
- LONDON** AMERICAN CHURCH in London at 79 Tottenham Court Road, London W1, 55 at floor. American Church, 79 Tottenham Court Road, London W1, 55 at floor. Tel. (01) 580 2771.
- INTERNATIONAL COMMUNITY CHURCH** services at Rydalen School, Harsham, Surrey. Sunday School at 10:00 and Worship at 11:00 a.m. Active Youth Program. Tel. (0922) 868283.
- MOSCOW** MOSCOW PROTESTANT CHAPLAINCY, UPOK Hall, Ul. Uda Poles 5, Bldg. 2, S.S. 10 a.m., Worship 11 a.m. Tel. 142-3562.
- OSLO** American Lutheran Church, Frimøsterg. 15, 0618, Oslo. Tel. (02) 44.35.84.
- PARIS** AMERICAN CHURCH IN PARIS, 75010 Paris (11:00 a.m. 65, Quai d'Orsay, Paris 7. Bus 63 at floor. Metro Alma-Marceau or Invalides).
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# Herald Tribune

INTERNATIONAL  
Published With The New York Times and The Washington Post

## For the 'New World Army'

For years the United Nations has been notable mostly for its vocal cords. That has changed. Nowadays the UN's muscle — its blue-helmeted soldiers — seems to be everywhere. And costs have soared. The bill for 11 peacekeeping missions could approach \$3.7 billion this year. Never before have so many UN troops been committed to so many costly and diverse missions.

Will that be money well spent? Has the operation gotten out of hand? Do UN structures need an overhaul? Americans may well ask such questions in a year dominated by domestic concerns. Critics still equate the UN with wind and waste — hence the hostility in Congress on Thursday to Secretary of State James Baker's request for \$810 million for UN troops due for deployment in Cambodia and Yugoslavia.

Yet in hard cash terms, peacekeeping is a bargain. Each day of Operation Desert Storm cost \$1.5 billion. The U.S. share for a year of expanded UN peacekeeping is a fraction of Pentagon expenditures for weapons that will not be used against a Soviet adversary that no longer exists. Every war prevented saves blood and treasure, expands markets and trade. Peace in Angola, El Salvador, Yugoslavia or Cambodia is a boon to all but the arms bazaar.

Over the years, with few mishaps, UN peacekeepers have performed difficult monitoring tasks effectively. The blue-helmeted troops are forbidden to use force save in extreme circumstances. Their task is to "mediate, console and discreetly run the house hold without ever appearing to dominate or usurp," writes their retired chief, former UN Undersecretary Brian Urquhart.

Now the peacekeepers are doing more than monitoring truce lines. They are becoming peacekeepers, too. UN forces were asked to disarm guerrillas, conduct elec-

tions and enforce human rights, first in Namibia, then in Cambodia and El Salvador. The Security Council recently expanded the concept of threats to peace to include economic, social and ecological instability.

Yet, as Mr. Urquhart contends, the UN is ill-prepared for such intervention. Peacekeepers have been recruited on a contract basis for specific missions; many come from smaller, nonaligned nations. What may now be needed is a permanent force for rapid deployment in chaotic circumstances.

One promising possibility is to make fuller use of the UN Charter. Article 43 already calls on members to make available "armed forces, assistance and facilities" necessary to maintain international peace. The charter established a Military Staff Committee, composed of the chiefs of staff of the council's permanent members.

Cold War rivalry put Article 43 on hold, and the staff committee has never worked as intended. Propitiously, Secretary General Boutros Boutros Ghali is soon to report on all aspects of peacekeeping. Russia and France favor activating the staff committee, which U.S. armed forces have traditionally resisted as a threat to command autonomy. But in a transformed world, it makes sense to consider direct contributions of personnel and equipment to a rapid deployment force under real multinational control.

Why couldn't the United States, which now owes \$377 million in back dues for peacekeeping, meet part of its obligation through the defense budget? This would require changing procedures that put all UN costs in the foreign aid budget. That will not be easy. But what a chance for President George Bush to take the lead in giving real meaning to his still hazy vision of a "new world order."

—THE NEW YORK TIMES.

## Mideast: A Proper Balance

Through four rounds of Middle East peace talks, Arabs have pleaded with the United States to abandon its mediator's detachment and intervene on issues of substance. Thursday the State Department finally responded — by criticizing the Arab side. An official made public the message the secretary of state had given the Palestinian delegation in private. Be realistic, the message said: Stop posturing for public consumption, and get serious about negotiating the agreed agenda priority of interim autonomy in the West Bank and Gaza.

It was good advice, although the Palestinians expressed pain upon hearing it. In a negotiation that necessarily rests partly on appeals to different audiences, the line between public "posturing" and confidential negotiating is not always easy to draw. There is no doubt, however, that the Palestinians have been testing the limits of a strategy based on subordinating the element of autonomy and moving quickly to nail down a Palestinian state. Their nightmare is that an autonomy regime will become not a way station on the road to national self-determination but an enduring detour.

This is not a foolish anxiety. In answering the American-Soviet summons to a peace

conference, however, they agreed to put autonomy first. The United States has the weight to enforce this agreement and in fact is bound to do so in order to maintain credibility with all parties. The fresh American emphasis on the point allows Palestinian negotiators to argue to wary constituents that Washington gives them no choice.

It escapes no one's attention that this episode of frank talk is unfolding at a moment when the United States remains deadlocked with Israel on the major issue of West Bank settlements. This suggests to some observers a mechanical "evenhandedness" intended to convey the illusion of fairness and, in this instance, to "balance" the battle with Israel on the settlements issue.

To others, however, the episode suggests that the U.S. government is attempting to play it fair, standing up to each participant in the peace talks as the requirements of progress dictate. Overall, we find the administration acting to underline the basic position that in negotiations, and only in negotiations, can all sides effectively pursue visible "progress" on a daily basis, but it lays a foundation for more lasting progress.

—THE WASHINGTON POST.

## A Senator's Tasteless Quip

There is nothing funny about 200,000 human beings incinerated by nuclear weapons. Ernest Hollings, usually a sensible senator, shamed himself Monday by tastelessly quipping to South Carolina workers: "You should draw a mushroom cloud and put underneath it, 'Made in America by lazy and illiterate Americans and tested in Japan.'"

Mr. Hollings says he wanted to show his exasperation with comments by Japanese politicians that disparaged American work habits. Such remarks are ignorant and provocative but they concern economic competition, not wholesale death. The senator's riposte is totally out of line.

A half-century after the events, there is

still debate about President Harry Truman's decision to force a speedy end to World War II by dropping atomic bombs on Hiroshima and Nagasaki. A parallel debate recently erupted in Japan over the morality of Tokyo's surprise attack on Pearl Harbor. Such self-examination honors both societies.

Both countries are entitled to decent respect for the innocent dead. That is what Mr. Hollings has lost sight of. Unrepentant, he glories in his callous joke. In contrast to the hasty apologies from Japan that have followed every high-level insult made there, the senator tells questioners: "I'm glad I said it. Even a belated apology would be welcome."

—THE NEW YORK TIMES.

## The Struggle to Compete

American ability to compete economically is slowly but visibly declining. The country is now running the world's biggest international trade deficits, and over the past decade has become by far the world's biggest debtor in a reckless effort to maintain its standard of living. But by most measures, the living standard is lower now than it was in the late 1970s. In a rising number of key industries, American companies are falling behind the competition.

Nor is there much doubt about the reasons. Over the past few years, an impressive consensus has developed among the people who have looked carefully into this decline. The latest disquieting report comes from a group called the Competitiveness Policy Council — a classic Washington committee appointed by the president and the congressional leaders along the Noah's Ark principle that gets all the animals in the boat, Republicans and Democrats, business and labor, and so forth. Remarkably, its conclusions, published this week, are not the usual mush but are sharp and clear.

The first priority, this council declares, is to raise investment in productivity: "America's investment rate remains less than half of that of Japan and below all other major competitors." Investment is financed out of savings, and the United States has the

lowest savings rate of any industrial country. But the savings pool has to finance the federal deficit as well as industrial progress. The U.S. Treasury comes first, and industry and housing get what is left.

To make more capital available at lower interest rates for economic development, it is essential to reduce the federal deficit — to eliminate it, this council urges, and preferably run a surplus. Instead the deficit is sliding upward toward \$400 billion this year, by far the biggest in relation to the economy since World War II. The squeeze on private industry is tightening.

Another priority is a system of education that will produce a labor force with skills equal to those abroad. Another is accelerating technological research. This report looks carefully at what has gone wrong. Meanwhile the primary election campaigns are roaring along, barely touching these subjects. There has been some useful discussion of education. But the urgent need to eliminate the budget deficit and its corrosive effects on prosperity are not popular topics. Ditto the decline of national competitive performance in general — although that decline, and its social consequences, may well be the chief preoccupation of the president elected in November.

—THE WASHINGTON POST.

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France. Tel.: (1) 46 37 93 00. Telex: Adversing, 613595; Circulation, 612832; Editorial, 612718; Production, 630698.

Director of the Publication: Richard D. Simmons

Chairman from 1958 to 1982: John Hay Whitney

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S.A. au capital de 1,200,000 F. RCS Nanterre B 23021126. Commission Paritaire No. 41337

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# Afraid to Speak Out In the Name of Peace

By Leslie H. Gelb

NEW YORK — America has a government of followers following followers, turning the United States inward and honing the mentality of a banana republic. This week inside congressional hearing rooms, you could have heard the whines and wails of weakness.

Secretary of State James Baker went there to make the case for \$900 million over two years for United Nations peacekeeping operations in places like Cambodia and Yugoslavia. Even that amount would fall far short of what the UN said it expected and needed from America.

The administration was already working behind the scenes to settle for much less than \$900 million — so that all could hide what little they would vote for the presumably unpopular task of peacekeeping.

But return to Thursday's hearing and listen to Fritz Hollings, chairman of the Senate Appropriations subcommittee. Talking of Israel brushing aside UN forces in Lebanon a few weeks ago, the South Carolina Democrat said: "I've always thought maybe we ought to give the role over to McDonald's and Burger King because they walk right by and sell hamburgers as they go forward and backward."

To which Mr. Baker responded, "Some peacekeeping operations have been more successful than others."

On Tuesday, Harold Rogers, top Republican on the House Appropriations subcommittee, argued that it was unfair for the United States to pay 30 percent of peacekeeping operations since "we only represent 25 percent of the world's economy."

"And Cambodia make the case," he said. "I mean, Cambodia is in Japan's economic sphere of influence."

Mr. Baker explained that paying more to others was what leaders did. Mercifully, he ignored the point about Japan.

Joseph Early, a Massachusetts Democrat on the House subcommittee, offered that peacekeeping is "good rhetoric . . . good theory. But we can't afford it."

How do you explain to someone who does not instinctively understand? How do you convey the unthinkable horror of the United States failing to do everything it can to stop the killing in Cambodia? Who can imagine not funding a few hundred million dollars to prevent the resurgence of the dread Khmer Rouge?

Mr. Baker made all the right points. He told the lawmakers that "we have spent trillions of dollars to win the Cold War and we ought to be willing to spend millions of dollars to secure the peace."

The administration and a number of legislators know the peacekeeping money is a necessity, but no politi-

cian will lead the fight for it. The obvious place to find it is in the Pentagon budget. Yet President George Bush rejects this. No one wants to step out front on anything "foreign."

So Congress and the administration are working out an arrangement beyond public view. It seems there is some \$300 million to \$300 million in "backroom" money not spent as quickly as expected. In the current fiscal year, mainly money that had been earmarked for the shaky democracies of Eastern Europe. Most of this headroom will be reallocated for peacekeeping. Those doing the bargaining will surely settle for less than they know is required to do the job.

But that is the best they think they can do in the current political climate. Even then, everything must be hidden — in rhetoric and legislative devices. The people must not be made too aware that their leaders are spending money to keep the peace. For otherwise the people will punish them — or so these leaders assume.

Such leaders are not leaders. They are followers, of their own fear. And our leaders must put themselves together to address that pain. But pain is one thing and killing another. And unless our followers become leaders and regain some balance about foreign and domestic priorities, thousands upon thousands will perish.

The New York Times.

# OPINION

## Cambodia: An Opportunity to Heal

By Stephen S. Rosenfeld

WASHINGTON — Ah yes. Cambodia: Such a miserable and wretched place, so remote, so unimportant in the new scheme of things, so expensive. This is the muted groan in Washington as a distracted American government struggles — struggles not so much to come up with its due share of United Nations peacekeeping costs in Cambodia as to avoid confronting the issue of its default.

There is a budget squeeze. But there is also, in the UN peace plan for Cambodia, an opportunity to heal a nation torn as perhaps no other nation has been torn since the world war and to settle down a troubled corner of Asia and tuck it into a world that is moving on. Is taking an appropriate part in such projects not exactly what U.S. foreign policy ought now to be about?

If your answer is no, then, well, you are an isolationist. I regret it. There is an argument that with the demise of the Soviet Union, the United States has no great interest in extending a hand to lesser countries, and should turn away or make just a token contribution. But it is a mean and narrow argument. Applied as a rule, it would shrivel the sense of community among nations and produce a dog-eat-dog world.

The better answer is yes. Cambodia suffered genocide in a civil war spilling over from the Vietnam War which Americans took part, and has a special call on the American conscience. There is, further, a general U.S. interest in dispute settlement and nation-building.

thing. But short enough to lose a claim to enlightened leadership.

Let Congress not preen, however. In December, after full Cambodian and international agreement on a peace plan had been achieved, Representative Chester Atkins, Democrat of Massachusetts, wrote the president saying the settlement opened the way to a new takeover by the genocidal Khmer Rouge. Most representatives signed on, as most senators did to a similar letter.

Audacity about the Khmer Rouge is hardly misplaced. But the Atkins letter did not stop there. It warned that it would be "difficult to sustain congressional support" for the UN operation "unless there is confidence that the process will not assist the Khmer Rouge." Sensitive to any suggestion that he was torpedoing Cambodia's lifeboat, Mr. Atkins now believes the letter usefully stiffened the UN against Khmer Rouge machinations. But he was torpedoing Cambodia's lifeboat. The letter provided a high-minded excuse for sitting on financing the UN plan. And the plan is, for all its flaws, the only game in town.

Wrote Raul Jenner, a Cambodia specialist and critic of the peace process: "The [Atkins] letter should have been sent . . . before the signing of the Paris agreements. During the course of the negotiations, alternative formulas were discussed one after the other. Today, nothing remains but the agreements of 23 October 1991. It would be criminal to endanger their fullest application."

The Washington Post.

## Mary in Congress want peace only on the cheap.

UN's work in international peacekeeping. But they want to perform this mission on the cheap. Call it the new Cambodia syndrome.

The Bush administration lags in its peacekeeping payments. But the president shrinks from asking Congress for the full bill and from going to the public with an appeal equal to the stakes. The administration cites tough times and the election-year risks of alienating a public sopsidely fed up with "foreign aid."

Mr. Bush once presented himself as a president earning his passage by foreign policy. He surely meant not just chatting up foreign leaders on the phone but shaping a program, if not a vision, and building public support for it. This is where he is falling short in respect to Cambodia peacekeeping. Not completely short: The United States is paying some-

# Not All Americans Have Their Backs to the World

By Flora Lewis

MIAMI — Despite harsh public sounds of self-isolationism and rejection of the outside world, there seems to be a counterstrain of Americans interested and eager to remain engaged in international affairs.

Traveling across the country, from California to Maine, I have found a lively concern with the way the rest of the world is evolving and a sense that the United States must continue to play a prime role.

True, there is a broad insistence that America must turn urgent attention to domestic problems. True, my impressions are personal, and in no way based on any scientific cross section.

But the message was clear. A significant number of people want to know what is going on in foreign countries and feel an American responsibility to take initiatives. They do not subscribe to the notion that the United States should slam the door. One reason regularly advanced for attending to domestic issues with new energy is that this is necessary to keep America strong and to maintain leadership.

The depth and rapidity of the shift in attitudes toward the Russians are striking. Hostility is gone, with no regrets for the loss of a galvanizing enemy. There is warm sympathy for the plight of the people emerging from communism, and a certain understanding that there are similarities in the problems they and America face in demilitarizing economies.

Many people worried that the United States is

reacting too slowly, too meagerly and shortsightedly to the troubles imposed by transition on ex-Communist states, as they worry about massive unemployment in America as defense-related industries and offices shut down. I never heard anyone complain that the United States is doing too much to help former enemies, or letting its guard down too fast.

There is bewilderment and some irritation at the arcane arguments over how to trim the defense budget. The Pentagon's scenarios of future threats, ostensibly compiled as the basis for planning required force levels, seem like a rerun of past wars: Iraq, North Korea (but not Vietnam), almost a parade of old battle flags.

Criticism of President George Bush for slighting the home front, differing about the recession, was not equated with complaints that he pays too much attention to foreigners. Rather, it was coupled with uneasiness about the lack of a compelling idea on how to deal with the world as a whole.

"A new world order" does not feel like a policy, or even a theme, to people who nibble at the words and ask what is in it, how is it to be made, what is to be done with it. They are looking for someone who will define it: inspire confidence that at least he

or she knows what they think should be done. The perceived lack of clarity about goals and purposes is a key element in the widespread dissatisfaction about the way the presidential campaign is going, the feeling that nobody is offering enough weight and dimension to fill the presidency, including the incumbent.

Maybe TV does it, with its bits and bites, its flickering expressions, all smaller than life. But the unexpected growing appeal of Paul Tsongas reveals an important reaction. He was brushed off as a tube flop, TV-unintended and unrepresentative, and he is coming across as more real, more recognizable living, breathing and thinking than the others.

What I found was not at all an America that is turning out, but an America growing impatient with posturing and static. For all the resentments being deliberately sharpened to provoke political adrenaline, people do not want to get off the world and have no illusion that the United States could prosper if it tried that.

They want some ideas for living better with it, for opportunities to be useful and productive. If government is not going to provide them, they are prepared to root around to find ways of their own. But of course they will not credit leaders for leaving them in the lurch. They are listening, all right, but they don't hear any music.

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## The Conviction Campaign: Bush Is Drawing a Blank

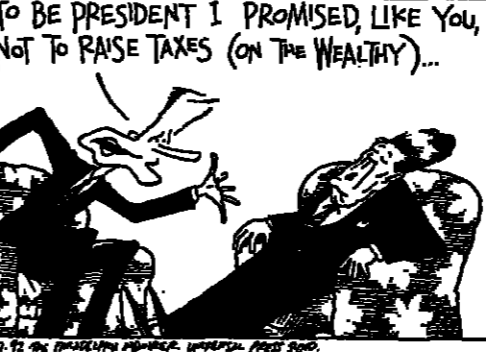
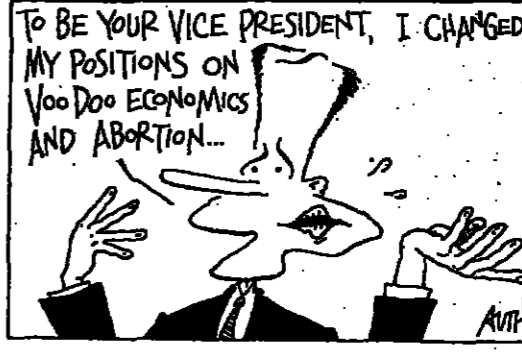
By Charles Krauthammer

WASHINGTON — Against all odds, the cynics and the handiers, the story thus far of Campaign '92 is that the politics of conviction are doing rather well. The candidates who have come from the back, from bad jokes to political respectability, are the most deeply committed and widely ideological of the candidates, Jerry Brown and Pat Buchanan. Paul Tsongas and Bill Clinton do not have quite the same authenticity and passion, but they do present well-defined programs and the sense that they are not making it up as they go along. They have been rewarded with front-runner status.

The exception is Tom Harkin, the one candidate who has convictions but is going nowhere. His bad luck is to have the wrong kind of convictions. Mr. Harkin does not understand that socialism is dead. As Jerry Brown has discovered, the new left is new age: yuppie and green, strong in resort country (like Colorado and Maine, where Mr. Brown did well), concerned about corruption and "spirituality."

Except for Mr. Harkin, the big losers so far are the candidates without conviction. The first campaign casualty, Bob Kerry, ran as the Desert Storm candidate, the man whose war heroism would insulate him from the Democrats' chronic soft-on-foreign-policy problem. Mr. Kerry's misfortune is that foreign policy fell off the campaign map.

That left Mr. Kerry having to de-



cide what he believes in. In New Hampshire, he believed for a while in Japan-bashing. One ad, showing a political "hockey" game, threatened to keep out Japanese exports. Mr. Kerry then dropped hammered. I flip. Which explains the frantic to-and-fro of the Bush presidency since November. Since then the United States has been under a Wofford-Buchanan regency, with Mr. Bush reacting first to Harris Wofford's surprising showing in Pennsylvania, then to Mr. Buchanan's in New Hampshire. Mr. Wofford's hammer on the left prompted Mr. Bush to postpone abruptly his Japan trip, then turn it into an auto-paris trade mission; to remake himself, for a cou-

ple of weeks around State of the Union time, as the health-care president; and to stump New Hampshire saying, "Message: I care for you."

Now, reacting with Pavlovian sophistication to Mr. Buchanan's hammer on the right, Mr. Bush has fired the head of the National Endowment for the Arts, his own appointee; reaffirmed his abiding belief in school prayer; gone mum on aid to Russia; and abjectly repented on taxes.

Mr. Bush knows better. The general disgust with him lies in the fact that we all know he knows better. The disgust is not ideological — exit polls in

## On the Right, a Bad Case of Buchanan

By A. M. Rosenthal

NEW YORK — In the very recent past, most intellectual conservatives understood, named and fought against a political disease they called moral equivalency. Now a sad number of them are suddenly suffering from it.

Moral equivalency is a disorder of that part of the mental process that governs ethical political thought and conduct. Those afflicted exhibit certain specific symptoms. They cannot discern the essential differences between political good and political evil when choices have to be made. They magnify the faults and complications of democracy and glaze over the horrors of tyranny. They refuse to choose between freedom and oppression when the friends of freedom desperately need help.

They accept from authoritarian or despotic governments acts of bigotry and human indecency against which they would crusade in a free society.

This disorder led many Western liberals to equate the faults of capitalism with the villainies of communism. At the moment, it leads the West to the bizarre conclusion that one democracy in the Middle East is a greater danger than the score or so dictatorships arrayed against it.

Now, angry with President George Bush's deviations from their vision of economic conservatism, and disgusted with his floundering, conservatives are shutting mouths and eyes to the fascist danger embodied by Patrick Buchanan. They thus are tolerating a man whose values dishonor them, their party and the country. That is moral equivalency in emergency-room form.

The National Review, once the healthy pride of American conservative intellectualism, now is dockmarked with

the disease. William Buckley, founder and president of the Review, wrote that Mr. Buchanan had said anti-Semitic things. Then he promptly backed a protest vote in New Hampshire for the man, stunning his friends.

Now he says that since the protest point has been made in New Hampshire there is no use voting for Mr. Buchanan in other primaries. But the point his readers will remember is that Mr. Buckley believed Mr. Buchanan's mouthings acceptable enough to vote for him once.

John O'Sullivan, The Review's current editor, goes further. He advises Republicans to keep supporting Mr. Buchanan until "a millisecond" before Mr. Buchanan himself decides to support Mr. Bush, "probably" early next month. For Mr. O'Sullivan, this is the delicious part: That strategy would avoid blame if Mr. Bush loses the presidency and also would install Mr. Buchanan as first among equals in the 1996 Republican contest. See?

But Mr. O'Sullivan hints that if Mr. Bush loses "seriously unselectable" during the primaries he should be dumped in favor of a third conservative. Sure — and the Patrick Buchanan to whom the moral equalizers gave the prize of respectability would then meekly step aside.

Many Americans who vote for Mr. Buchanan as a protest may not yet have figured through the lasting impact. But the politicians, commentators and intellectual conservatives who know Mr. Buchanan's record and still give him respectability, urge votes for him or even remain silent, these all have made their choice.

Still, a cure exists for the moral equivalency that has stricken conservatives — remembrance of times so recently past. To refuse it is a kind of intellectual suicide.

The New York Times.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1892: Restoring Graves

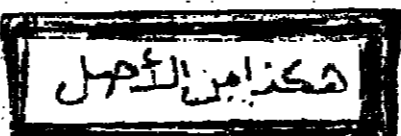
PARIS — A pious initiative has been taken by M. Ossiris, whose name is famous for the good use he makes of his large fortune. He has written to the Prefect of the Seine for authorization to erect monuments or repair those already existing over the graves of some of the illustrious dead whose remains lie in the Paris cemeteries. Quite a number of these graves are in a distressing condition of neglect, among them being those of the musician Bellini; of the poet Delille; and of the painter Prud'hon.

### 1917: Police Tell of Plot

NEW YORK — The Hoboken, New Jersey, and New York police, acting on information furnished by the United States Secret Service, yesterday afternoon [March 6] arrested one Fritz Kolb, 31 years of age, who confessed, they say, to being implicated against the life and well-being of President Wilson. An attempt to as-

### 1942: Aid for Elephants

CHUNGKING — [From our New York edition:] Carried part way on the backs of elephants traversing dense jungle, war materials have started to reach China by one of the two new supply routes from India, replacing the railway from Rangoon, today [March 6]. The first shipments along the jungle trail were loaded over the mountains from India to Burma and carried by boat before they reached the head of the Burma Road, whence Chinese trucks took them into Yunnan Province.



# U.S. Lottery Official Confirms Australians Won Jackpot — Maybe

By John F. Harris and Brooke A. Masters  
Washington Post Service

WASHINGTON — Virginia lottery officials ended a three-week, two-continent mystery by confirming that an Australian gambling syndicate won last month's record \$27 million jackpot after executing a massive, block-buying operation that tried to cover all 7 million possible ticket combinations.

whether the jackpot will be awarded, because the ticket may have been bought in violation of lottery rules. The rules say that tickets, which cost \$1, must be paid for at the same location where they are issued. Mr. Thurston said that the Australian syndicate, International Lotto Fund, may have paid for many of their tickets with cashier's checks at the corporate offices of a grocery store chain, rather than at the store in Chesapeake, Virginia, where a lottery computer issued the winning ticket.

## A New Lottery? Finally, U.K. To Chance It

LONDON — After a hiatus of nearly 170 years, Britain intends to have a national lottery to raise money for charities, sports and the arts, the government said Friday.

Home Secretary Kenneth Baker said that the lottery, which would be managed by the private sector "under contract and subject to strict regulation," it could raise as much as £1 billion (\$1.74 billion) annually.

The Labor Party said the proposed Conservative plan was being widely popular, for political gain before a general election expected on April 9. Mr. Baker said that one reason for restoring a lottery was the creation of a single market in the European Community as of January, which would allow European lotteries to operate in Britain. "Without a national lottery of our own," he said, "other countries, rather than our own, will benefit."

## JAPAN: Move to Loosen Old Ties

(Continued from page 1) The years of preparation for Japan's all-important university exams. In fact, many are skeptical that Mr. Miyazawa really wants to tinker with success. Some say that he is merely grandstanding, hoping to win the hearts of the vast majority of Japanese who resent Today's monopoly on power.

Similarly, young women often report that they view Today as a hostile place, and they, too, are vastly underrepresented in the senior levels of the bureaucracy. No one has suggested, however, that quotas or targets be set.



Demonstrators in Baku, Azerbaijan, venting their anger Friday over the policies of President Ayaz Mutalibov, who was forced to resign.

## U.K. Guessing Game: Date of Election

By Craig R. Whitney  
New York Times Service

LONDON — Neil Kinnock, the opposition Labor Party leader, who hopes to replace John Major as prime minister as soon as Mr. Major calls a general election, already has the campaign meticulously planned.

Every day has its chosen issue, with the Labor Party shadow cabinet ready to fan out across the country to pound Conservative positions, says Glenys Kinnock, his wife, and she will be among them. She fully expects to move into No. 10 Downing Street with her husband and their two children the day after the election.

What Mr. and Mrs. Kinnock and 57 million fellow Britons do not know is when the election will take place, although by now they all assume it will be on April 9. Mr. Major can keep the suspense up until 17 working days before then; theoretically, he can also surprise everybody and decide on May 7, a local election day across much of the country, or even later, up to July 9.

It clear through other hints that he will, soon. The new Parliament will convene right after the election, and then disperse almost immediately for a recess, one of Mr. Major's closest aides said Wednesday, blushing when it became apparent that this could only mean the Easter recess; Easter falls on April 19 this year. Ergo, elections on April 9.

Mr. Kinnock, at a diplomatic dinner party this week, seemed almost gleeful about his chances whatever the date, although national polls show his Labor Party running only about even with the Conservatives — Labor 40 percent, Conservatives 39 percent, Liberal Democrats 18 percent, according to a national poll of 2,952 voters conducted by the MORI organization for The Sunday Times between Feb. 21 and 25.

The questions that animate the American primary campaign — who will run against the incumbent, and whether he will be re-nominated — have long since been settled in Britain. Thus, the main question here is whether either of the two biggest parties can win a majority, 326 seats, and form a government.

not, and the government would limp along until he lost a vote of confidence or he called another election later in the year, something that last happened in 1974.

By the middle of next week, after his chancellor of the Exchequer, Norman Lamont, has outlined government spending and tax plans for the coming year on Tuesday, Mr. Major is expected to make his choice of polling day official.

"The Conservatives had originally planned to wait a few days later to announce the election date, which would have given them time to conduct private polls on reactions to their budget plans," Mr. Kinnock said. "They forgot St. Patrick's Day in Northern Ireland."

Conservatives say they have been well aware of the rule that the campaign has to last a minimum of 17 working days, and of the coming holidays. But the prime minister would hardly have time to wait for the results of a poll on his budget proposals if the date was to be April 9. The proposals are widely expected to contain spending plans and perhaps a reduction of 1 percent or 2 percent in income tax rates to stimulate a recovery from the British recession.

Mr. Kinnock joked that he was even praying that the government would reduce taxes by 2 percent. Then Labor would attack the Conservatives for doing what they always accused Labor of doing — living beyond the country's means.

## PAIN: Rx for Discomfort

(Continued from page 1) tributed to doctors and other health workers across the country as well as to patients. The report covers all forms of surgery and other painful medical procedures such as lumbar punctures and biopsies, as well as treatment of diseases and injuries that are painful. They recommend methods of assessing degrees of pain, discuss the merits and dosages of 29 commonly used pain medications and suggest several non-drug ways of controlling pain such as breathing exercises.

## FUSION: U.S. Hires Russian Experts at Bargain Pay

(Continued from page 1) ing, or welding, the atoms of light elements. In contrast, the nuclear fusion reactors now in operation around the world make energy by breaking apart the atoms of uranium and other heavy elements. A major attraction of fusion is that the main fuel, deuterium, a heavy form of hydrogen, can be easily extracted from water in nearly endless quantities. Despite the allure, the efforts of thousands of scientists and the expenditure of many billions of dollars over nearly a half century, the goal of controlling fusion has remained elusive because of its intrinsic difficulty.

## MISSILES: U.S. Debates Options

(Continued from page 1) a real signal," an Israeli official said Thursday, pointing out that Mr. Bush had made it a high-priority goal of his administration to halt the spread of weapons of mass destruction. North Korea's sale of ballistic missiles in the Middle East does not violate international law or any commitment made by the North Korean leader, Kim Il Sung. The Pyongyang government has United States and a number of Western and industrialized countries have signed to stem the flow of ballistic missiles to the Middle East. This there is no legal justification for stopping this shipment of missiles.

## RESIGN: Azerbaijani Steps Down

(Continued from page 1) Earlier, Mr. Mutalibov had described the attempt to force him from office as tantamount to a coup. As chants of "resign, resign" echoed across the vast square outside the parliament building, the president had suggested introducing a state of emergency in order to resolve the political crisis caused by the reverses in Nagorno-Karabakh.

## Swiss Officer Resigns After Jets Barely Miss

(Continued from page 1) "We would view with great concern any transfer of this type. The dangers of Scud missiles in the Middle East region have been amply demonstrated during the Gulf War." Some officials said they believed that taking action against the North Korean ships would not be productive because the missiles would be delivered anyway. Thus the action would only serve to aggravate U.S. relations with Syria, a political objective that these officials associated with the Likud government in Israel.

## Swiss Officer Resigns After Jets Barely Miss

(Continued from page 1) BERN — The commander of the Swiss Air Force resigned Friday to restore public confidence in air travel after the near-collision of a jet fighter and a passenger plane. Corps Commander Werner Jung said he was stepping down to restore confidence in the service and in air travel. Commandant Jung said that the near-collision Thursday between the Tigerjet and the Swissair Airbus, which carried 101 passengers and a crew of 10, had affected him deeply.

ACROSS  
1 Scuba diver's spot  
6 Frogman  
11 Swimsuit top  
14 Symbol of feminine coyness  
20 Cave succor  
21 Muslim decree  
22 No. to Ho  
24 Plying the Younger, for one  
25 Derris  
26 Stoncrop-family plant  
29 Reason d'  
30 Clear  
31 Caesar's "I rate"  
32 Jefferson and Paine, e.g.  
33 Took five  
36 Comb. Comb. form  
37 Dolce — niente  
38 Big Board's big brother  
41 Scottish lake or river  
44 Paravanes  
45 Soprano role in "Orfeo ed Euridice"  
46 LAX notice  
48 Star assemblage  
51 Originate  
52 Brit. medieval pennies  
53 Apicalurist's concern  
54 Newsman Dan  
55 A Bobsey twin  
56 Prepare leftovers  
58 Paraguayan tea  
59 Join

105 Sun. speech  
106 "Playboy of the Western World" playwright  
107 Dress wood  
109 Shrink's back  
110 Actor Byrnes  
111 Conception  
112 Naval construction worker  
113 Curvaceous letter  
114 Rural kin of aves.  
115 Nigerian native  
116 Stage, in Sevilla  
117 Began to use  
120 Hammerlike weapon  
123 John Evelyn was one  
125 European winter resort  
126 "Susanne" — U.S.A.F. motto  
130 TNT mixture  
131 Unguentary drosophila  
134 Connected series  
135 "— and Mabel," Gable film  
136 Sniggler for wriggles  
137 Designer de la  
138 Shot follower  
139 The T in R.O.T.C.  
140 Rummages about  
141 Ruhr city

In Other Words By Kevin Boyle  
15 Unpaid debt  
16 South American ungulate  
17 Med. suffix  
18 — Blanc  
19 Homer's "scourge of mortals"  
20 Comedian Phillips  
21 Entrance of a fugue subject  
27 Famed American photoanalyst  
34 Trencherman  
35 Perform peripeteia, in a way  
37 Violent one  
12 Substances for Strands  
13 Memorable mission  
40 Abscond brassica  
43 Earlobe adjuncts  
44 U.S. Special Forces unit  
45 Headcheese, e.g.  
46 Vesperizio from Abaddon  
47 Adjust a spinet  
48 A.F.B. in Text  
50 Android film; 1965  
52 Compensatory plus melliferous  
57 A moon of Jupiter  
58 Tout le — (everyone)  
60 Saturnalia  
61 Tenth of a sen  
62 Implead  
63 Very funny person  
38 Kin of 104 Across  
40 Abscond brassica  
43 Earlobe adjuncts  
73 Take testimony  
74 Ancient Greek sanctuary  
76 Love-in (nutcracker)  
78 Threefold  
81 Prepared for painting  
83 Hebrew letter  
85 Cry of despair  
87 Firmament  
119 Mastrons  
120 Book of the Apoc  
121 Eastern maid  
122 Pro  
123 U.S.A.F. decoration  
124 One of the Huxtables  
127 Optical device  
128 Poker payment  
98 "Demian" author  
99 Clay, today  
102 Primitive hunting  
132 Chosen, in Cam method  
104 Wove again  
106 Record-album designation  
108 Rabbit  
109 Betakes oneself  
112 Remains at home  
115 Fern. suffixes  
116 Israeli seaport  
118 "... every fool is not" — Pope  
119 Mastrons  
120 Book of the Apoc  
121 Eastern maid  
122 Pro  
123 U.S.A.F. decoration  
124 One of the Huxtables  
127 Optical device  
128 Poker payment  
98 "Demian" author  
99 Clay, today  
102 Primitive hunting  
132 Chosen, in Cam method  
133 Due follower

Solution to Puzzle of Feb. 29-March 1  
ACROSS  
1 SCUBA  
6 FROG  
11 SWIMSUIT  
14 FEMININE  
20 CAVE  
21 HAJI  
22 HO  
24 PLYING  
25 DERRIS  
26 STONCROP  
29 REASON  
30 CLEAR  
31 CAESAR  
32 JEFFERSON  
33 FIVE  
36 COMB  
37 DOLCE  
38 BOARD  
41 SCOTCH  
44 PARAVANE  
45 SOPRANO  
46 LAX  
48 STAR  
51 ORIGINATE  
52 PENNIES  
53 APICALURIST  
54 DAN  
55 BOBBEY  
56 LEFTOVERS  
58 PARAGUAYAN  
59 JOIN

DOWN  
1 VAULT  
2 RHYTHMIC  
3 REDOLENCE  
4 LORD  
5 MAG  
6 LINE  
7 WROTH  
8 FOURGON  
9 SNORT  
10 SORTRUSON  
11 VIOLENT  
12 SUBSTANCES  
13 MEMORABLE  
14 LUCUBRATORY

15 UNPAID  
16 SOUTH  
17 MEDICAL  
18 BLANC  
19 HOMER  
20 PHILLIPS  
21 ENTRANCE  
22 FUGUE  
23 COMEDIAN  
24 ENTRANCE  
25 JUPITER  
26 SNORT  
27 TRENCHMAN  
28 PERFORM  
29 VIOLENT  
30 SORTRUSON  
31 WROTH  
32 FOURGON  
33 FEMININE  
34 TRENCHMAN  
35 PERFORM  
36 SATURNALIA  
37 VIOLENT  
38 FUNNY  
39 KIN  
40 ABSCOND  
43 EARLOBE

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ART

'Degenerate Art' in Berlin

Re-Creation of Notorious Show Opens to High Praise

By Stephen Kinzer  
New York Times Service

BERLIN — More than half a century after Nazi leaders assembled their exhibition "Degenerate Art," a sweeping condemnation of the work of the avant-garde, it has reopened here to high praise.

The exhibition, which was re-created by the Los Angeles County Museum of Art last year, returned to Germany as Germans are beginning to confront long-repressed truths about the Nazi era.

The exhibition's opening was "a tremendously positive event," said Ina Alowitz, a member of the parliamentary finance committee who found \$2.5 million in the federal budget to pay for transporting and mounting the artworks.

"I knew there would be interest, but the number of people who showed up and the amount of press coverage is amazing," the exhibition is at the Altes Museum through May 31.

"This is the most important exhibition ever shown in Berlin," said Wolf Vostell, a prominent German sculptor. "Of course there are some Germans who will view it in a negative way and say that this art really is degenerate. But there are many open and tolerant people in this country, and they are going to be deeply impressed by the true meaning of what is being shown here."

The original exhibition was assembled at the direction of Hitler and his propaganda minister, Joseph Goebbels, in an attempt to show Germans that modernism was pornographic, subversive and fundamentally anti-German.

To find examples of art they considered degenerate, a commission named by Goebbels visited 32 German museums and confiscated 16,000 paintings, drawings, prints and sculptures.

Of these, 650 works were selected to illustrate the supposed decadence into which German art had fallen. Among the artists whose works were selected are many now ranked among the finest of the 20th century. They included Otto Dix, Max Beckmann, George Grosz and Emil Nolde, and several foreign-born artists working in Germany,

among them Wassily Kandinsky, Paul Klee and Lyonel Feininger. Nazi organizers crammed the 650 condemned works into a small, poorly lit series of rooms and grouped them into categories like "Insults to German Womanhood" and "Nature as Seen by Sick Minds."

The exhibition opened in Munich in 1937, and during the next four years it was seen by nearly 3



A "degenerate" work by Karl Schmidt-Rottluff.

million people in 13 German and Austrian cities. Hitler himself was one of the first visitors.

When the original exhibition finally closed, the 650 artworks were scattered. Some were kept in Nazi vaults, some were sold and more than half were lost or destroyed.

Last year, curators at the Los Angeles County Museum of Art reassembled the surviving works, nearly 200, and exhibited them under the title "Degenerate Art: The Fate of the Avant-Garde in Nazi Germany."

In Los Angeles as well as in Chicago and Washington, the exhibition was a resounding success, and German politicians and art lovers hastily arranged to bring it here.

Among the speakers at the opening on Tuesday was Foreign Minister Hans-Dietrich Genscher. He described Nazi attempts to restrict artistic expression as "a step toward the catastrophe that produced the mass murder of Europe-

an Jews and the war of extermination against Germany's neighbors."

"The paintings in this exhibition have survived oppression and censorship," Genscher asserted. "They are not only a monument but also a sign of hope. They stand for the triumph of creative freedom over barbarism."

The paintings on view range from colorful semi-abstracts by Christian Rohlf and Karl Schmidt-Rottluff to a series of works by Emil Nolde depicting the life of Christ. There are also whimsical geometrical experiments by Kandinsky and Klee, along with reflective portraits by Jankel Adler and Ernst Ludwig Kirchner. Also in the exhibition, however, are brutally honest portrayals of war and prostitution by Dix and Beckmann.

They directly challenged Hitler's idealized image of Germany by showing the underside of modern life and reflecting the fact that humanity is not composed exclusively of happy, perfectly formed Aryans.

Other sections of the exhibition document the Nazis' attacks on modernist literature and music.

"All atonal music, as well as rhythm-and-blues, is repugnant to the soul of the German people," asserted Alfred Rosenberg, head of the Association of Struggle for German Art, in a 1942 speech quoted on a placard at the current exhibition.

Christoph Stolte, director of the German Historical Museum and one of the organizers of the exhibition, said Nazi leaders were quite correct in believing that modern art threatened their legitimacy and ultimately their hold on power.

"Adolf Hitler, who considered himself an artist, knew exactly what he was doing when he launched his attack on this kind of art," Stolte said.

"Hitler believed art had to reflect conventional ideas of beauty and nobility," he continued. "But modern art is about individuality. It reflects the view that each person sees the world in a different way, and that no one perception of reality can be accepted as an absolute truth. The Nazis knew they had to crush that idea in order to survive."



'El Jaleo' took Paris by storm when it was exhibited at the 1882 Salon, and is now the center of a show in Washington.

John Singer Sargent's Breakthrough

By Paul Richard  
Washington Post Service

WASHINGTON — In 1882, after years of preparation, young John Singer Sargent, a 26-year-old American in Paris, achieved a kind of miracle, entering a state of fiery assurance few artists ever reach. His entrance into the world of art was not without its hardships. He had spent the previous years in a state of artistic limbo, and his brushwork was still in the process of being formed. He had spent the previous years in a state of artistic limbo, and his brushwork was still in the process of being formed.

That canvas, 11 feet (3.35 meters) wide, is now on view in Washington. Lent for the occasion by Isabella Stewart Gardner's Boston art museum, it is now throbbing at the center of "John Singer Sargent's El Jaleo," a small but splendid show at the National Gallery of Art.

Sargent was no radical. Instead he is most remembered as a fastidiously fluent servant to the rich — who chose to live abroad, to dine off silver plate and to chronicle in portraits of extraordinary suavity the high and haughty rulers of Edwardian society. He was one himself. That elegant expatriate, that subtle cosmopolitan, never died in garrets. The world in which he lived was not *la vie de bohème*, but that of Henry James.

And yet when he was young, he painted one great picture. Sargent's "El Jaleo" (just cleaned of years of dirt and grime by the conservator Alain Goldbach) now crackles on the wall as if it were alive. It is static, yet it moves. And its brush strokes are so active, so rhythmic and so musical, you can almost hear them; they seem to fill your ears with shouts and thrums and clapping. What is even more surprising is the way "El Jaleo" shakes one's sense of history. It sometimes tugs you backward to the caves of Ice Age Spain, and sometimes pulls you forward to New York action painting, only to return you suddenly, completely, to 1882.

Much about this painting is entirely conventional. In its subject — the flamenco — in the motive for its making, in its color scheme and scale, "El Jaleo" is a picture wholly of its time.

SARGENT, when he painted it, was perfectly attuned to the prevailing Paris fashions and the workings of the market. The huge picture he submitted to the 1882 Salon was cunningly conceived to dominate the walls there, to contribute to the rage for all things sensual and Spanish, to increase the public's disapproval for over-polished brushwork, and — and this was paramount — to encourage all of Paris to marvel at the brilliance of young John S. Sargent.

Sargent's canvas stars a dancer, surely Andalusian, probably a Gypsy, performing the flamenco in a cave in southern Spain. The unseen candles on the foreground floor, which illuminate her swirling skirts, send glimmer-



Sketch for the main figure.

ings of light deep into the gloom where eight other figures — chanting, clapping, stamping, strumming their guitars and shouting their "olé!" — encourage her fierce dance.

Sargent knew his audience. In the Paris that he aimed to please, Spain and all its strangenesses were in vogue. The interest had been prompted early in the century when the armies of Napoleon fought their way across the Pyrenees. Returning, they brought with them so many Spanish pictures, and yearnings for more, that by 1838 the Louvre had established its own "Galerie espagnole." In 19th-century Paris, scenes of Spanish life were so common that one exasperated critic felt justified in griping that "no exhibition of more than, say, 50 modern pictures has been seen within the memory of the oldest living critic which did not contain a Spanish bullfighter."

While most critics of the time thought the art of the Impressionists savage and outrageous, they did admit, when pushed, that French official painting, with its sunlit nymphs and cherubs, was perhaps over-sweet. Goya and Velázquez were the Spanish antidotes usually suggested. "Velázquez, Velázquez, Velázquez, ceaselessly study Velázquez," was the firm advice that Carolus-Duran, that

fashionable portraitist, offered his best students — one of whom was Sargent, then aged 22.

Sargent did as he was told. In 1879, after he'd submitted a fine portrait of his teacher to that year's salon, he spent five months in Spain.

The paintings he had copied there, the dancers he had seen and the Gypsies he'd encountered had soaked into his memory, where they might have stayed had not "Carmen" and the Spanish caves given them new life.

WHEN Bizet's opera was first performed, in 1875 in Paris, it was widely thought indecent. But by 1878, the heedless singing Gypsy — as the painter must have been aware — had proved a major hit in Vienna, London and St. Petersburg, Dublin and New York. And then there were the last Age caves. It was in 1879 that their paintings were first noticed: Marcelino de Sautuola, accompanied by his little daughter, had gone to look at one of them, the cave called Altamira, when she happened to look up at what she called the "bulls" painted on the stone.

Exactly such a bull appears in "El Jaleo." It is painted on the wall just above the head of the clapping Spaniard at the picture's left.

All these varied memories — of his master's teachings, of his own trip to Spain, of Carmen and her music, and of those ancient painted walls — must have boiled up together as that mighty painting began forming in his mind. The artist's preparations often make one think of an athlete in training. The sketches he made while traveling in Spain, and later in his studio — about 40 are on view — are only rarely true preliminary drawings. What makes the work so dazzling is its sudden execution. X-rays have revealed few preliminary markings underneath its brush strokes. Instead, the work was painted in a fervor of creation, as if the painter's brushes, some three inches (7.5 centimeters) wide, had been guided by an energy beyond our comprehension, as if the whole vast picture were one spontaneous oil sketch.

One can almost feel the dancer stomp and sweep across the floor as clouds of greenish dust rise behind her in the gloom. The picture also sings the hours of its making; in each highlight and each paint-stroke we sense the drive and speed of the painter's brush. And even as that bull tugs one toward prehistory, the confident ambition that shivers in each detail seems to be a promise given by the painter of great pictures yet to come.

It is not a perfect painting. The seated clapping man, at left, has been painted rather awkwardly; the inadequate foreshortening of his thighs and knees makes him look a bit like a standing dwarf. But such flaws were hardly noticed. "El Jaleo" was a smash. A visiting American, Thomas Jefferson Coolidge, a kinsman of Gardner, bought it off the wall — for 10,000 francs — while the salon was still in progress. Before the show had closed, the expatriate American already had become, in the words of one reviewer, "the most talked-about painter in Paris."

The "El Jaleo" show, in the East Building, will travel to Boston after closing on Aug. 2.

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Mayan Figure Of Huge Bird Unearthed

LOS ANGELES — The largest Mayan sculpture yet found was unearthed in Guatemala by a scientist who says the carving suggests religion spurred a major advance in the ancient civilization.

In revealing the discovery, some archaeologists said it was significant because it shows the Mayans were capable of producing large sculptures several hundred years earlier than previously thought.

The 34-foot-wide, 16-foot-high sculpture (about 10 by 5 meters) was carved about 300 B.C. at the base of the tallest temple pyramid in Nakbe, an ancient Mayan city hidden in jungle 350 miles north of Guatemala City.

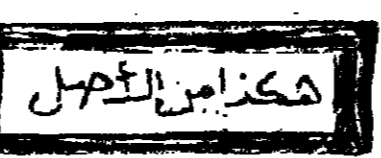
"It's a bird head with an enormous beak that hangs down like an elephant trunk," said Richard Hansen, an archaeologist at the University of California, Los Angeles.

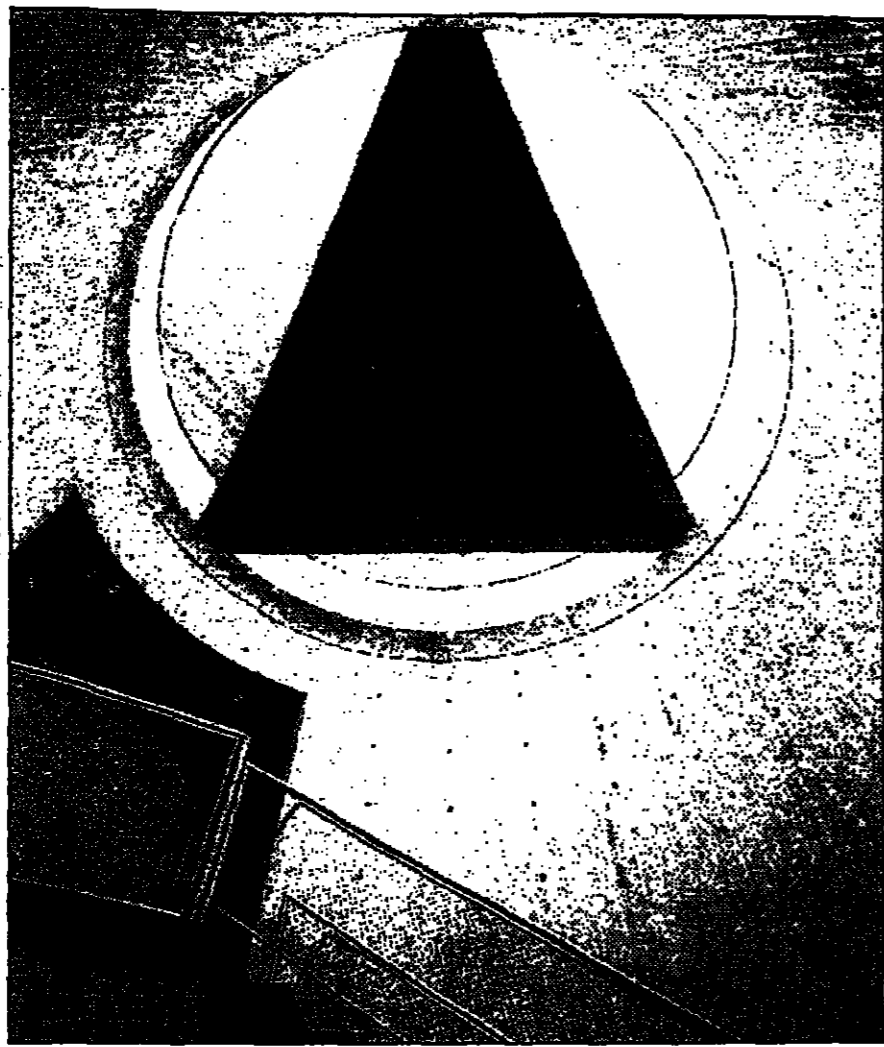
The stucco-covered stone bird on the 150-foot-tall pyramid is the earliest major sculpture known to be incorporated into a building, he said.

Until now, the largest known Mayan sculpture was a 15-foot-wide, 12-foot-tall mask of a godlike figure found in Tikal, Guatemala. It dates to some time between A.D. 600 and A.D. 900, Hansen said.

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Kahn's use of space in the Yale University Art Gallery.

# The Light and Silence of Louis Kahn

By Michael Gibson  
International Herald Tribune

**P**ARIS — When Louis I. Kahn died of a heart attack on March 17, 1974, at the age of 73 (passing through Penn Station in New York on his way home from India), he was widely acknowledged to be one of the world's outstanding architects. Yet, like Frank Lloyd Wright, who only began to be truly successful in the mid-1920s, when he was over 60, Kahn's rise to fame occurred when he was past 50, and he, like Wright, produced the major part of his work in the last 20 years of his life. As Jonas Salk observed: "For five decades he prepared himself and did in two what others wish they could do in five."

The originality and the innovative importance of Kahn's approach to architecture is apparent in the very large exhibition (put together by the Los Angeles Museum of Contemporary Art), which just opened at the Pompidou center. It occupies the larger part of the exhibition space on the fifth floor, in a handsome setting devised by Kahn's admiring younger colleague Arata Isozaki — a star in his own right.

**A**S with most exhibitions devoted to architecture, this one demands a certain effort on the viewer's part: There are numerous drawings, executed in broad, authoritative strokes, and also plans, photographs and scale models of Kahn's conceptions, including a number that were never built. This was the case for a synagogue whose design gave the inspiration for Isozaki's setting. A video installation presents interviews and commentaries.

Kahn's work looks "modern" enough at first glance — most of his buildings appear straightforwardly spare and functional and many make



Architect Kahn at work on a model for a project in Bangladesh.

use of plain cement — but viewers who are not involved in architecture can hardly imagine the practical and ideological strictures placed on a builder by peers, technicians and patrons.

Kahn shared a number of the assumptions of the modernist view. "To make a thing deliberately beautiful," he said, "is a dastardly act; it's an act of mesmerism which beclouds the issue."

But he departed from accepted modernist doctrine to the extent that he "accepted the usefulness of history." Kahn was aware that bare function did not suffice to give coherence to a building: Something else was needed, which would satisfy the public's need for a

meaning. The building had to have "monumentality," it had to have "a spiritual quality."

Examples of this were to be found in the great architecture of the past: the Pantheon or the Baths of Caracalla in Rome for instance, which Kahn admired in terms of pure geometric volume. He was also moved by the Greek temples in Paestum, south of Naples. They exemplified, he said, the moment when architecture began, when "the walls parted and the columns became." And as such they stirred him more deeply than did the more recent and more perfect Parthenon.

Louis Kahn was born in 1901 on Saaremaa, an Estonian island in the Baltic. His father left for the United States in 1904, and Louis and the rest of the family followed in 1906 and settled in Philadelphia.

Kahn studied architecture at the University of Pennsylvania, where it was taught by three French teachers formed by the Ecole des Beaux-Arts in Paris. After graduating, he got involved in the theory and politics of public housing. He also did some teaching among his peers when they were unemployed during the Depression, and in 1947 he was invited to teach at Yale. Four years later, Yale also offered him his first big opportunity by commissioning him to build the University Art Gallery.

The exhibition presents 15 projects that were completed, and a number of others that fell by the way — including a couple of memorials (one to Franklin D. Roosevelt and one to the victims of the Holocaust).

One of Kahn's finest achievements is the Salk Institute for Biological Studies, in La Jolla, California, which was built between 1959 and 1965.

The vigorous personality of Jonas Salk gave Kahn the sort of stimulus he could respond to during the elaboration of the project. Salk

wanted to mend the rift between the two cultures defined by C. P. Snow, and he felt that architecture was one of the tools that could help achieve this.

The building stands above the sand dunes of La Jolla, looking out to the Pacific Ocean. It is spare, monastically unadorned concrete, its only luxury being the elegance of concept and form which, among other things, affords each resident researcher a view on the ocean.

Other fine buildings include the Indian Institute of Management at Ahmedabad, and the Ser-e-Bangla Nagar quarter in Dacca. Both of them, with their simple, powerful, obviously "modern" forms, appear to embody Kahn's need to create "very archaic looking buildings... buildings that will be considered archaic in the future."

**K**AHN was always a firm believer in intuition: "The intuitive power is probably our most accurate sense," he would say. And in the later years he gave increasingly free rein to his intuitive language: "Architecture," he declared, "was created at the point where silence and light meet."

But such language did not always go over well with the people who handed out commissions. One associate recalls "acting as an intermediary... trying to convince them that this guy wasn't some kind of mad poet."

His vocabulary, according to others, had become a smokescreen — but the reality to which it referred still shines visibly, in light and in silence, in the memorable buildings that he raised.

Louis Kahn, "Le Monde de l'Architecture," Centre Pompidou, to May 4; The Museum of Modern Art, New York, June 14-Aug. 18; The Guggenheim Museum of Modern Art in Japan, Sept. 26-Nov. 3; then to Los Angeles, Fort Worth, Texas, and Columbus, Ohio, in 1993 and 94.

## Birthday for Magazine That Shaped Collectors' Vision

International Herald Tribune

**P**ARIS — The magazine that has been the most important single factor in recasting French attitudes to art has just turned 40. When it came out as *Connaissance des Arts*, a title promptly changed to *Connaissance des Arts* when the now-defunct British magazine *Connaissance* made noises about going to court, its glossy art paper cover sported four porcelain, exotic Chinese birds, cute and colorful. Forty years on, the March 1992 celebratory issue of C&A, as it is often called, carries a "Compre-

**SOUREN MELIKIAN**

sion" executed by César at the suggestion of the editor in chief, Philip Jodidio, a 38-year-old New Yorker who studied economics and art history at Harvard.

The contrast neatly compresses the 180-degree turnaround of the French public as well as a permanent feature of French life to a degree seldom appreciated by outsiders, a passion for collecting. Both the Chinese birds of February 1952 and César's "Compression" of Soviet symbols of March 1992 are collectors' items.

Indeed, the impulse that gave birth to *Connaissance des Arts* came from the collecting world. It started with a Chinese art expert, Michel Beurdeley, who on being shown a trade journal listing book prices, including auction results, thought it would be wonderful to have that extended to art auctions. He put it to the auctioneer Maurice Rheims, who was enthusiastic, and the idea was broached to the *Réalités* group. There the art director, Albert Gilou, a man with an unquenchable thirst and a strong eye for buying objects, visualized and gave shape to the magazine. It would be a kind of *Réalités* of the art world and its collecting concerns.

**T**HROUGH Gilou's own inclinations and even more so the influence of Nicolas Landau, one of the greatest dealers in post-World War II Europe, new trends rippled through the French art buying community via the magazine's monthly articles. The art of the object was put on the pedestal. C&A carried pieces about "La commande Louis XV à deux tirans sans travers" or "Luristan bronzes" on which virtually nothing was then to be found in book form. It discussed auction price trends, a complete novelty at the time. It showed collectors' apartments with their objects, a thrill for auction house



Arata Isozaki

buffs who identified with role models they had read about. Through Landau, a Polish Jew born in the early 1890s, immensely cultivated and cosmopolitan but very much molded by German tradition in cultural matters — he would trot out dozens of lines of Schlegel's masterly translations of Shakespeare — a new taste for the rarified appeared on the French scene. Renaissance bronzes, rock crystal from Fatimid Egypt, astrolabes began to look at as art, not "bibelots."

When Gilou was killed in an accident in 1961, the magazine lived off the heritage, including many article ideas, for five or six years, and thereafter began to run out of steam. It would have died the way *Réalités* did had it not been bought by a Swiss group represented by an American financier with a stake in the art market, Dmitry Jodidio. There was a difficult transitional period. Relations were tense between the New York businessman and the old crew of journalists when the latter expressed views different from his own.

Jodidio's son Philip had joined C&A in July 1976 as a 22-year-old trainee within a month of leaving college. In 1978, he was made editor in chief. What looked at the time like a makeshift solution was a stroke of genius. The younger Jodi-

dio, as quick on the uptake as his forceful father but subtle and reserved, gradually steered his way through the troubled waters of human relationships. Above all, he was, and still is, passionately interested in architecture and today's world, including the contemporary art experiments.

Just as Gilou, a generation earlier, had brought in the art of the object, Philip Jodidio increasingly focused on his own topics. With the knowledge of hindsight, he says, it is now obvious that the French public was ready for it. The Centre Pompidou had gone up in 1977 and become an instant raging success. The *Musée d'Orsay*, opened in December 1986, further redressed the balance in favor of the late 19th and early 20th century.

**A**T that point, the editor decided to go out on a limb and have special issues in addition to the monthly C&A. The Orsay issue, devoted to the museum, remains the archetypal success — 253,900 copies, at 50 francs or the equivalent in other currencies, have been sold to this day, including 97,300 in English and 32,000 in Japanese. Of the 34 special issues so far, several, Jodidio says, provide insights into the unsuspected inclinations of the French public.

The French, he argues, display enormous interest in the contemporary world and architecture. To make the point, he cites the *Grande Travaux* issue of 1990, dealing with major Paris artistic construction works, from the Grand Louvre to the Musée des Sciences at La Villette. Sales are an astonishing 75,000 in France, 35,000 for the English-language edition 11,000 for the Japanese version.

Evidence of what Philip Jodidio calls the "broadening acceptance by the French of modern art form" pours in every day. By March 22, when the Giacometti show closes, it is reckoned that 35,000 visitors will have seen it. "Highly unlikely even a few years ago," he says. *Connaissance des Arts*, of course, had a special issue requiring several print runs. The magazine's sales show that he has got it right. The latest audit figure is 49,946 — more than 40,000 of them subscribers — up from 39,007 when Jodidio took over.

The latest twist is a new focus on the Far East. The April issue last year had a 50-page dossier special ranging from a long essay on Arata Isozaki, the architect who designed the Los Angeles Museum of Contemporary Art, to a piece on the fashion designer Issey Miyake and his 1990 collection with photographs by Irving Penn. There is a bold move in traditional art maga-



Philip Jodidio, above, and the cover and images — an Arata Isozaki tower at left and a Cambodian statue — from the anniversary issue of *Connaissance des Arts*.

zines, but one made with a restrained sophistication that is typical of Jodidio's approach. In the celebratory issue, the special file on Cambodia takes the magazine a big step further. Jodidio writes that he went there at the suggestion of John Gunther Dean, the last U.S. ambassador to Cambodia and now personal representative for Cambodia of the Unesco director-general, Federico Mayor. Dean says more in an interview about the role that Unesco might play in that country than dozens of long analyses. The black and white photographs of Marc Riboud, one of the founders of Magnum, catch the atmosphere of Angkor Wat taken over by the forest. Yet, Philip Jodidio said in an interview, the monuments were barely affected by war destruction. "I saw absolutely nothing that was damaged."

Add other articles in the issue such as "The Renaissance of St. Petersburg" by Hélène Carrère d'Encausse, and there can be no doubt that a sense of news hitherto unknown at C&A has been instilled while cultivating an off-the-beaten-track tone.

Perfection is not around the corner. The expanded art market pages are bland and often lack directness. There is a PR whiff to some of the pieces. Such as it is, the transformation of what Jodidio calls "a French cultural institution" and, after a pause, "the only one run by an American," ensures its continuing expansion. It mirrors the relationship of a whole nation with art while, at the same time, partly shaping it. It has become part and parcel of the French edifice. And that is quite an achievement.

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offered by her students — one of them used to be a member of the 1964 after he'd submitted a manuscript to that year's salon. He spent had copied there the dancers he had and an admirer had asked him to might have stated had not "Carnal" given them new life.

But it's not the first performance in Paris. It was widely taught and the 1964 exhibition at the Pompidou center. The exhibition was the first time that the French public had seen the work of a living American. The exhibition was the first time that the French public had seen the work of a living American. The exhibition was the first time that the French public had seen the work of a living American.

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A Special Report

# Italian Fashion

## Return to Designer Retailing Glamorous Names Take Over Minding the Store

By Suzy Menkes

MILAN — Out of the frescoed palazzo and onto the shop floor, that is the story for Italian designers for the 1990s. Gianni, Giorgio, Gianfranco and Valentino may not be serving customers from behind the counter, but metaphorically speaking, fashion's bravura names are taking back control where it really counts — at the point of sale.

Armani has just baptized a streamlined new store in the Via Condotti in Rome; this spring, Ferré opens his doors in the Avenue George V in Paris; Versace's vast four-floor corner store opening on London's Old Bond Street this summer will rival the temple of fashion he established last year in the Faubourg St. Honoré in Paris. Last week, Laura Biagiotti announced that she will open in the fall her first store outside Italy, a swanky shop in New York's Crown Building at 57th Street and Fifth Avenue, just down the block from where Fendi already has a magnificent store.

These fashion flagships will be flanked by a flotilla of other stores that are increasingly devoted to the second or third lines. These lines need to express a clear identity for the designer and to have well-chosen merchandise. At the end of this year, Valentino will open a five-floor store on Madison Avenue for Oliver, his second line with a young, sporty feeling.

"You need a showcase to project a different image for each line," says Giancarlo Giammetti, Valentino's partner, explaining why a second line needs first-rate promotion. "I don't trust the policy of most American stores today — they are run by bankers. Even in the specialty stores the problem is that they are looking at the cash tills and not the image, and the cashier always has the last word. Little by little, we are getting out on our own."

From the outset, Armani established his Emporio Armani secondary line as a separate entity and a kind of fashion club. Three new Emporio stores will open in North America in the fall in Houston, San Francisco and Vancouver, and they will all have coffee shops or bars "where young people can hang out." Shops opening in the summer in England are deliberately targeted at youth-centered areas in London's Covent Garden and in Manchester.

"Conceptually, the idea was to distribute through a retail chain and not just to be clothes, clothes, clothes," says Armani.

Now, Armani has taken on yet another market with A/X Armani Exchange,

which opened in New York in December 1991 as an offshoot of Armani jeans manufacturers Simint SpA, in which the designer has a 20 percent stake. The 150 freestanding stores planned for the next five years will compete at the level of customers who shop at the Gap.

An exceptional media blitz greeted the 11 in-store A/X boutiques opened across the United States by Bloomingdale's, Saks Fifth Avenue and Neiman-Marcus. But the really significant thing about this launch was the stringent conditions imposed by the designer on the stores. It suggests a new relationship in



A/X Armani Exchange down-home cotton shirt and jeans.

the 1990s between retailers and forceful designers who now want to take charge of even commercial lines and have a say in how the image is presented and where the clothes should be geographically.

"The whole concept of A/X is that it is contained within a shop format, and the success is tight control," says Armani. "In a store, it has to be in key areas on the main floor and a certain square footage. It is not a question of dictating. These are the standards we must have."

The changing face of international retailing has as much to do with these developments as the new attitudes of consumers. The collapse of the mighty merchants of American stores has coincided with a stagnation in specialty stores. These shops, where one smart owner with a sharp buying eye would pick up and launch new designers, still exist. But a new generation in the 1980s, when selling was easy, took one designer label under franchise rather than work out a mix of merchandise that would appeal to loyal longstanding clients.

"And then look what happens — the

heads of the franchise that had it good for many years panic when things get tough," says Aldo Pinto of Krizia. "If they then decide to close the store, it is bad for the name and the image." Just such a situation has happened in England, where the company holding the franchise for Krizia and Lagerfeld has gone into receivership.

Pinto sees the future of designers in big stores as concessions, like the one he plans with Harrods in London. The store effectively leases the space to the brand, which selects its own stock, chooses its own presentation and puts in its trained and motivated personnel.

"And we exploit their customer base," explains Pinto. In Japan, where designer labels are still strong, stores follow a similar system.

Gianni Cigna, husband and business partner of Laura Biagiotti, will open the New York store at a site where "3,200 people each hour walk past the store." It is a calculated step that he says he would never have taken in Tokyo, where Biagiotti has a happy relationship with Mitsukoshi.

"There is a big crisis in the world for retail, and franchising is not working very well," says Cigna. "If the store belongs to someone else, I can't control the way they treat my customers."

Cigna looks back nostalgically to the days when Lina Lee on Rodeo Drive would give a pep talk to sales staff about each designer, explaining the philosophy and life-style of the creator. Cigna sees the way forward in the 1990s as joint ventures at retail.

"We have to share the risks in 1992; it cannot only be a relationship between the manufacturer and the owner of the store," he says. In January, Laura Biagiotti opened a new shop in Milan devoted to her signature cashmere but at relatively basic, straight-from-the-factory prices. This is part of the new formula of the owner/designer taking a "calculated risk" to bring down prices, which everyone knows are the real sticking point for designer fashion.

The various new deals being discussed by Italy's fashion designers bring a wry smile to the face of Luigi Maramotti, managing director of MaxMara, which seems to have done it all already: the market segmentation to appeal to different customers; lines and labels at varied prices; and above all, a policy of expanding its own retail operations, which started nearly 30 years ago.

"The shops are at the heart of the system and the rhythm of what we do is given by what happens inside the shops," he says. "Our goal is to keep the industrial system flexible so that it can respond to the demands of the shops."



Valentino's ponyhite taffeta for the new Oliver winter collection.

But my personal feeling is that to build up retailing know-how takes time — and we started in 1964."

Maramotti has always put emphasis on creativity, but he is not dealing with a designer label or an ego. It was, therefore, perhaps more straightforward to structure his business in the way that designers now wish to emulate. From the central MaxMara operation, founded in 1951, came "new branches that became new companies." That meant a Weekend range for MaxMara and Sportmax in 1969; and in the 1970s, commercial clothing under the labels I Blues, Blues Club, Pianoforte di MaxMara and Prisma. Other companies include three larger-size labels from Marina Rinaldi (1982) and three lower-priced lines each from Marella and Penny Black.

"We never developed licensing and there was a time in the 1980s when people were puzzled about that. But for us, whatever we make has to be part of a total strategy that comes from inside the shops. It is customer led."

As designers take control at retail, the battle for the 1990s will be for the hearts and minds of the picky fashion consumer at sidewalk level — and the way for the rarefied designer to understand what is really going on in the marketplace.

"More and more, a shop can be the way a designer advertises and communicates, it is a vehicle to project an image," says Giammetti.

"It is wonderful advertising," says Armani. "And I think of a store as my ticket to the customer."

SUZY MENKES is the fashion editor of the International Herald Tribune.

## The Soft-Shoe Act Shopping for Footwear in Milan

MILAN — Within a five-block radius in the center of Milan, shoe shops entice with an almost endless variety of styles and prices for men and women. But buyers be warned: Milan is a city for sensible shoes. It may be an international fashion capital, but the Milanese are remarkably conservative, both in their point of view and manner of dress.

At Tonino Crisci (Via Montenapoleone, 3), one of Milan's classy shoe stores, Carla Mastrasso, the shop's manager, cradles a woman's riding boot and says, "Feel this, it's like silk." The leather is buttery soft to touch, and the boot itself, while holding its form, looks as comfortable as a pair of bedroom slippers.

The softness of the leather and their seeming weightlessness are important features of Italian shoes. Particularly for men, these two characteristics distinguish classic Italian footwear from its English counterpart. "Traditional English shoes for men are rigid and heavy," says Fortuna Valentino, vice president at Mario Valentino. "Similarly," she adds, "the way we treat and cut the leather makes women's shoes look more elegant and feminine on the feet, especially with high heels, which are difficult to make."

While women's shoe styles often border on the dowdy, Milan does offer fashion footwear that runs the gamut from haute couture to kooky. Gianni Versace's hand-embroidered and jeweled spiky high heels from his Atelier collection (Via Montenapoleone, 11) are the most extravagant and can cost as much as 5 million lire (about \$4,200). Equally extravagant are Andrea Frazzetta's jeweled summer evening sandals with delicate two-inch heels (Via Sant'Andrea, 2), and the beaded flats and brocade high-heeled boots from Diego Della Valle Couture. Jeweled accents on women's shoes are a continuing theme for spring/summer as is bright color. Narrow loafers with tiny bows are particularly appealing in Easter egg hues at Prada (Via Sant'Andrea, 21).

One of the smartest styles worn by Milanese women is the lace-up ankle boot made popular by designer Romeo Gigli (Corso Venezia, 11). Available everywhere now, the boots are perfect with pants. Similarly, traditional jodhpur boots are trendy and are being interpreted in a number of ways, from the most classic to cowboy versions styled in colored satin with gold buckle details by Versace, black satin for evening from Anna Molinari for Blumarine (Via Della Spiga, 44), and cut off at the ankle at Fausto Santini (Via Montenapoleone, 1).

For the weekend, and now increasingly for the office, Italian men are wearing sportier, American-inspired shoes. Timberland (Corso Venezia, 9) an American company, continues to capture the imagination of the Italian man with an extensive collection of boat shoes and casual Vibram-soled lace-ups. More Italian in spirit, and by far some of the most copied shoes in Italy, are J.P. Tod's, the rubber-soled shoes and boots designed by Diego Della Valle (Via Della Spiga, 22).

A Ferragamo (Via Montenapoleone, 20/5), where comfort is a byword, there are the classic styles for women and men's hand-made tassel loafers; Beltrami (Via Montenapoleone, 16) does moccasins in crocodile, and Prada (Galleria Vittorio Emanuele) goes exotic with a version in ostrich.

The Italian consumers have not, as yet, caught on to the Gucci moccasin revival as others have internationally, but almost every shop and designer boutique in Milan has. Guido Pasquale's models are in sorbet-colored suedes (Via Sant'Andrea, 12), Franco Moschino's is in multicolored leather with peace symbol hardware (Via Sant'Andrea, 12), and at Gucci (Via Montenapoleone, 5) their own two-tone spectacles have been spring's big sellers.

Some of the wackier shoes to be found in Milan include Dolce e Gabbana's bejeweled wooden platform "Candies" (Via Sant'Andrea, 10a), Franco Moschino's lace-up "taxi" pumps, with embroidered driver, passenger and the designer's birdslide as the license plate number, Fausto Santini's thong-toe sandals and chunky super high heels, both with platform soles, and Superga's crocodile sneakers at Ilprandi (Via Solferino, Galleria San Marco).

Richard Buckley

## For Low-Key Producers, Loyalty Is All

By Richard Buckley

MILAN — While the big-name Italian designers are burnishing their images this week during the autumn/winter showings of ready-to-wear in Milan, another breed of Italian apparel producers and designers continues to turn out well-designed, quality products year after year without the fanfare.

These veterans, who do not consider themselves innovators, are not interested in personal glory. Their prime concern is to ensure a loyal following of retailers and consumers by offering a "do-one-thing-but-do-it-right" approach.

The guru of specialized manufacturing and the most established is Alberto Aspesi. Aspesi does not consider himself a designer, gives no interviews and offers no publicity photos. One of Aspesi's collaborators describes him simply as "a businessman with great style." There are no fashion shows, and for that matter, the collection may or may not be ready on schedule for retailers.

No matter, because Aspesi's men's and women's apparel reportedly sells very well, and in Italy even has a kind of cult following. It is not certain, for example, that this winter's rage in Milan for black down-filled jackets started before or after Aspesi's version appeared on the cover of Italian Vogue, but quilted jackets were definitely hot fashion items.

Part of the appeal of Aspesi's clothes is the synthesis of nostalgic thrift-shop styling with a modern anti-fashion attitude that makes them hip. These are clothes you've seen before in fashion shows, and for that matter, the collection may or may not be ready on schedule for retailers.

PRICES are moderate, with men's Aspesi Basic jackets for fall 1992 retailing from \$300 in corduroy to \$500 in wool. A woman's wool top coat costs around \$760.

The 47-year-old Aspesi has quietly built a business of about \$34 million over 22 years, which a company spokeswoman says is now growing at a rate of about 20 to 30 percent a year. Although Aspesi has controlling interest in the company, which produces his signature collection and the less expensive Aspesi Basic line, he is associated with the Italian apparel conglomerate GFT. Aspesi has not expanded to many stores outside Italy, because, as he says with a shrug, "I don't deliver."

What Aspesi is to "cool," Antonio Fusco is to "luxurious refinement." Fusco, like Aspesi, is a manufacturer who is not a designer, but whose men's and women's clothing have a strong product identification for their quality tailoring and rich fabrics.



Designers Jan Pottorff and Carlos Baker Benitez.



Antonio Fusco

Fusco, 47, is a technician, whose style taps into the sartorial tradition of his Neapolitan roots. He started the company in 1976 as a small atelier of tailors on the outskirts of Milan to make tailored clothing. As the men's business grew, a women's line was added in the early '80s. Women's wear now accounts for 70 percent of the business. The combined turnover is about \$21 million annually.

The styling is classic but not old-fashioned. As fashion evolves each season, there are slight changes in silhouette to keep current. For fall 1992, for example, women's jackets are soft, with natural shoulders and suppressed waistlines. The women's jackets can be serious, but are just as easily worn with jeans and a T-shirt.

Retailers say customers respond immediately to Fusco's comfortable fit and quality workmanship. Examples from the fall 1992 collection include a woman's classic top coat in camel-colored cashmere lined in summer ermine (about \$8,500), a black evening coat with velvet collar and matching black belt featured in jacket-weight cashmere (about \$1,700) and a cashmere jacket that is unlined and so lightweight it is like wearing a cardigan (about \$1,200).

In Milan, women's clothes by Aspesi and Fusco are available at Pupi Solari and Marisa, and their men's wear can be found at Biffi.

More couture than tailored in his craft, Stephen Janson is one of Milan's best-kept secrets. The 35-year-old Frenchman's fashion experience includes a longstanding friendship with Yves Saint Laurent and Pierre Bergé, a design assistantship at Kenzo and a stint with the Genovese couturier Andrea Odicini, where he went "to learn that kind of finishing." In 1980, he moved to New York to work with Diane von Furstenberg.

Today, Janson has his own company, which he is not ashamed to say, does a modest \$250,000 business a season. His business arrangements, he says, allow him total creative control. He doesn't court the press and his private and retail clients (Linda Dressner carries him exclusively in the United States, Maria Luisa in Paris) come to him by word of mouth.

Janson's aesthetic combines the

best aspects of all his training. Everything for day and evening, is based on simplicity of cut. Many of the pieces, in fact, are cut on the bias for a body-conscious look that allows freedom of movement.

"A woman doesn't put on my clothes to become another person," he says. "My things are so simple they have to be bought by women who understand they are clothes to keep and not just fashionable for a season."

Janson says he doesn't want to limit prices, and in Italy pieces range from \$100 to \$1,000, depending on the fabric. Therefore, a floral printed bias-cut viscose dress, a funny throwback to Furstenberg, is at the low end, while hand-finished, double-faced wool jackets are at the other.

Jan Pottorff and Carlos Baker Benitez, Americans from Chicago, are not newcomers to Milan's fashion scene. The design team has lived and worked here as free-lance designers and consultants for 13 years, and have experienced all facets of the Italian apparel business.

For fall 1992, they are launching a primarily knitwear collection under the name Jan Carlos.

The duo tried their own label five years ago but because of distribution and contractual disputes, the arrangement ended after three seasons. This was followed by a few collections designed for Pour Moi, a well-known knit label, while they rethought their strategy.

FOR fall 1992, their small collection of knits and other pieces in jersey or double-stretch fabrics for women is highlighted by the play of loose cardigans over shapey tops and bottoms. One of their technical achievements is form-fitting sweaters with fully-fashioned darts that take on the body's shape. "It's a way of playing with silhouette to make it a bit more sexy," says Benitez.

"We're not product people," Pottorff says, "so we'll always do something that's a little far ahead. Although the image of the collection is young, it is still wearable by a lot of different women, and the quality is there."

"I think knit and jersey are a modern way of dressing," she adds. "And in knitwear there is still so much you can do, because there's already so much out there, but it's either classic or cheap."

Perhaps it is classic fashion has such a homogenized look today that the return to a specialized, ready-to-wear, with limited production and distribution, is so appealing. Designers and manufacturers offering a unique product, the way couture and designer ready-to-wear used to, might keep retailers competitive and consumers interested.

RICHARD BUCKLEY is European editor for Mirabella magazine.

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# NYSE

Friday's Closing  
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

| Symbol | Price  | Change |
|--------|--------|--------|
| IBM    | 115.25 | +0.25  |
| MSFT   | 42.50  | +0.25  |
| ORCL   | 38.75  | +0.25  |
| INTL   | 10.50  | +0.10  |
| DIS    | 28.50  | +0.10  |
| WMT    | 25.00  | +0.10  |
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|---------|----------|
| Canada  | 1.0000   |
| France  | 6.5596   |
| Germany | 1.9363   |
| Italy   | 1.9363   |
| Japan   | 160.9371 |
| UK      | 1.4937   |

**INTEREST RATES**

| Instrument     | Rate  |
|----------------|-------|
| 3-Month T-Bill | 7.00% |
| 6-Month T-Bill | 7.00% |
| 1-Year T-Bill  | 7.00% |
| 3-Month CD     | 7.00% |
| 6-Month CD     | 7.00% |
| 1-Year CD      | 7.00% |

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ECONOMIC SCENE

World's Next Cold War Might Be About Money

By Leonard Silk

NEW YORK — The easing of East-West tensions and the end of the Cold War raised hopes for a long spell of world peace and economic development. But in the wake of the disintegration of the Soviet empire have come political shocks, like the war in the Gulf and the civil war in Yugoslavia, and a wave of economic slump.

With stronger growth ahead, there is also likely to be greater economic instability.

In unraveling the encyclopedic work at United Nations headquarters in New York this week, one of the authors, Professor Lawrence R. Klein of the University of Pennsylvania, a Nobel laureate in economics, took the hopeful view that the present troubled time is indeed a period of transition toward a new era of more rapid growth.

But, with the stronger growth that lies ahead, there is also likely to be greater economic instability. "The world economy will probably experience more cyclical sensitivity throughout as the market system spreads," Professor Klein said.

During the present transition period with economic restructuring in Eastern Europe and the former Soviet Union, nearly every country is undergoing a painful readjustment.

PROFESSOR KLEIN said: "Nevertheless, the present recessionary and near-recessionary corrections taking place in many countries are just that — corrections." When a number of countries enter their expansionary cyclical phases, he predicted, "they have the potential for enjoying an unusually good prospect for the medium term because of the expansionary effects of the Single Market in Europe and the need for making large capital transfers, East to West and North to South."

The development of new areas of the world, combined with a strong inventory of technological advances, will lay the foundations for an expansionary period that could last through the end of the century.

The decade of the 1990s, Professor Klein said, could be more favorable for economic advancement than the 1950s and 1960s — history's most rapid period of world economic growth.

But other contributors to the U.N. work put far greater stress on the threats than the opportunities ahead.

Shafiqul Islam, a senior fellow at the Council on Foreign Relations in New York, warned that the 21st century may experience "a capitalist Cold War."

The challenge is to develop a new strategy, he said, not for containing Communism, but for containing capitalism — that is, "to manage the breakdown of the postwar bipolar order and prevent the deadly fallout of a capitalist conflict from derailing the transition to a new multipolar world."

Mr. Islam is most alarmed over worsening frictions among the United States, Japan and Europe.

The capitalist country that stands to lose the most from this transition, he said, is the United States — still the world's only economic and military superpower.

How America deals with its domestic weaknesses in the 1990s will determine not only its own position in the world order of the next century, but, more critically, how costly and destabilizing the capitalist Cold War turns out to be.

The United Nations' five-volume catalog was edited by a Turkish scholar, Uner Kiridar.

Thorn to Buy Virgin for £510 Million

By Erik Ipsen

LONDON — Calling the transaction "the best of both worlds," Richard Branson announced Friday that he was selling his Virgin Music Group to Thorn EMI for £510 million.

The \$872 million deal will leave Virgin as an independent label under the Thorn EMI umbrella. It will provide Mr. Branson with cash to pursue his current obsession — building his Virgin Atlantic Airways into a carrier serving a dozen cities around the globe.

Mr. Branson described his relationship with his music company over the last few years as one of an "absentee landlord, wheeled in when needed." Nonetheless, Mr. Branson made it clear at a news conference that he still had some mixed feelings. Wearing an open shirt and green track shoes as he sat between the sober-suited Thorn EMI executives, he talked wistfully of having worked with key executives and artists at Virgin Music "since we were teenagers."

In a development that surprised many analysts, Mr. Branson will have no ongoing ownership stake in Virgin Music. He will, however, bear the title of president for life and is

expected in that capacity to continue wooing and winning Virgin's stable of artists.

For a company with 1991 pretax profit of only £13 million on sales of £330 million, Virgin Music's price tag might seem a bit steep. "If Thorn were buying it for its present earnings it would be daft," said a London-based analyst. "You don't buy earnings, you buy talent."

In fact, Thorn EMI's chairman, Colin Southgate, also admitted that Virgin was a company with virtually nothing in the way of tangible assets. Nonetheless, he predicted, "We feel sure we will make a lot of money out of this combined company." He forecast that Virgin Music would make a positive contribution to its new parent's bottom line by the second year.

That forecast hinges upon Virgin, which has no manufacturing and distribution facilities of its own, putting those of its new parent to use. Jim Fieldie, the chief executive of EMI Music, spoke of "the substantial unit volume increases in our factories" as a result of adding Virgin's production, and said, "now we will be able to spread our fixed costs over substantially more units."

Mr. Branson chose to highlight the Britishness of the deal. He pointed out that the two

British companies combined would become one of the world's top three music companies, along with Warner Brothers of the United States and Polygram of the Netherlands.

Mr. Branson also said that notion of creating a British giant sat well with some of Virgin's local talent. "Mick Jagger rang last night and was very pleased with what we were doing; very, very pleased with his British content," said Mr. Branson.

For Virgin Atlantic, the impact of the sale will be substantial. "We have enough money from this deal to see the expansion of the airline to its completion," Mr. Branson said.

He estimated that after payments to minority shareholders in Virgin Music, including the 25 percent stake held by Japan's Fujisankei Group, he would be left with just under £400 million.

Thorn EMI's executives said that the combined companies would undoubtedly shed some employees.

But Mr. Branson predicted that his investments in his airline's new routes to San Francisco, Sydney and other cities would mean taking on "many many" new employees. "I am not the sort of person to put my money in a bank account," he said.

Court Ruling Penalizes Exor In Perrier Bid

Compiled by Our Staff From Dispatches

NIMES, France — A French court on Friday suspended one-third of the voting rights held by Exor SA and other Agnellis family allies in Source Perrier, a decision that favors Nestlé SA in the battle for the French mineral water group.

The Nimes commercial court ruled that Exor and two allies had violated Bourse regulations by failing to inform regulators when they raised their stake in Perrier above one-third in May 1990.

As punishment, it suspended one-third of the 35.5 percent voting stake owned by Exor and two subsidiaries of the French bank Société Générale, cutting their holding to 23.7 percent for two years.

While the court order fell short of Nestlé's request for a five-year freeze of the 35.5 percent stake, lawyers for the Swiss food giant said the penalty gave Nestlé and its French merchant banking ally, Banque Indosuez, a toehold in the struggle for Perrier, since the Exor group no longer controlled a majority of Perrier's voting rights.

An Exor spokesman said, however, that since the 13.8 percent stake held by its ally, Saint-Louis SA, was not affected by the court order, the Exor camp retained control more than 37.5 percent of the

shares. And since the voting rights of some Perrier shares are frozen, the 37.5 percent stake that the Exor camp controls represents 42.5 percent of current voting stock, the spokesman said.

"This is a weakening of our position, but we still have a strong position," he said.

The 49.3 percent stake held by the Agnellis and their allies before the court order had formed a virtually insurmountable barrier to Nestlé and Indosuez, which had needed to buy almost all the shares not owned by the Exor camp to win in our takeover bid," a lawyer for Nestlé said.

Both the Exor and Nestlé groups are bidding 1,475 French francs a share for Perrier, valuing the company at 13.3 billion francs (\$2.34 billion).

But unlike Nestlé, the Exor group has pledged to buy all Perrier shares that are tendered.

Exor's shares fell 25 francs, to 1,455 francs each, on the Paris Bourse. Perrier shares rose 28 francs, to 1,568 francs.

Arab Banking Corp. and Goldman Sachs & Co. were net buyers of Perrier shares Thursday, the stock exchanges association said.

(Reuters, AP)

Milken Deal: EC Told to Seek Zero Inflation

Judge Allows More Time

By Richard E. Smith

FRANKFURT — Otmur Issing, the Bundesbank's chief economist, warned Friday that the future European central bank should not settle for anything less than zero inflation as a goal.

Even as he spoke at a symposium in Innsbruck, however, several German states reported sharp jumps in inflation for February, sending a chill through German markets.

The population state of Bavaria issued preliminary figures showing that inflation had risen by 4.7 percent in February, up sharply from 4.3 percent in January, while the state of Hesse recorded a rate of 4.6 percent, up from 4.1 percent. Although many economists expect inflation to rise to over 5 percent this spring, they generally had not expected such a sharp jump so soon.

Mr. Issing geared his remarks to those who assume that the concept of price stability, the chief goal both of the Bundesbank and the future European central bank, allows by definition a degree of inflation.

"In the interpretation of the goal of price stability, it has to be established from the beginning that this means an inflation rate of zero or absolute price stability," he said.

"If price stability were explicitly or implicitly understood to mean an inflation rate of 2 percent, for example, this might be interpreted as a sort of floor by the central bank," he said.

The Bundesbank has itself often alluded to a mid-term goal of bringing Western Germany's inflation, most recently recorded at a rate of 4 percent in January, down to 2 percent. Even Bundesbank officials have acknowledged, however, that it may be impossible to do this in the course of this year.

Mr. Issing's comments reflect the Bundesbank's hard-line strategy to champion a strict anti-inflation regime for any future European central bank even though Germany's own inflation rate, stoked by the strains of reunification, has surpassed rates in the United States and several European Community states, including France.

Mr. Issing said he regretted that the Maastricht treaties, which in December set out the path toward monetary union, may have softened the idea of price stability.

The Maastricht formula will allow a country to enter the monetary union if its inflation rate is no more than 1.5 percentage points higher than an average of the three lowest-inflation states. The program calls for full economic and monetary union as early as 1997 and no later than 1999.

Mr. Issing said that the formula made the idea of price stability "relative," possibly allowing states with inflation rates as high as 5 percent to enter the union.

He said it might have been preferable instead to fix absolute rates as entry criteria, especially since the new bank will only be able to establish its credibility if it shows it can hold inflation low in the first crucial years of its existence.

Mr. Issing likewise feared that the Maastricht formula may have been too lenient regarding state budget deficits and national debt. The treaties say that a budget deficit should not exceed 3 percent, and overall debt should not exceed 60 percent of gross domestic product. But the treaties allow what he termed "room for maneuver" on both counts.

Italy, Greece and Ireland currently have debt roughly equal to gross domestic product, while Belgium carries a burden totaling about 130 percent.

CURRENCY RATES

Table with columns for Currency, Unit, and Rate. Includes entries for American Dollars, British Pounds, French Francs, etc.

Other Dollar Values

Table with columns for Currency, Par \$, and Rate. Includes entries for Argentine peso, Australian dollar, etc.

Forward Rates

Table with columns for Currency, Period, and Rate. Includes entries for Forward Dollar, Deutsche mark, Swiss franc.

INTEREST RATES

Table with columns for Eurocurrency Deposits, Maturity, and Rate. Includes entries for 1 month, 3 months, 6 months.

Key Money Rates

Table with columns for Instrument, Rate, and Maturity. Includes entries for United States, Discount rate, Prime rate.

Asian Dollar Deposits

Table with columns for Maturity, Rate, and Instrument. Includes entries for 1 month, 3 months, 6 months.

U.S. Money Market Funds

Table with columns for Fund Name, Rate, and Maturity. Includes entries for Merrill Lynch Ready Assets, T. Rowe Price.

GOLD

Table with columns for Instrument, Rate, and Maturity. Includes entries for Gold, Gold futures.

Business Confidence Hits a Low in Japan

By Steven Brull

TOKYO — Japanese business sentiment has sunk to its lowest level in more than four years, a widely watched government report showed Friday, underscoring the severity of an economic downturn that will likely be deeper and more drawn out than expected just a few months ago.

The Bank of Japan's quarterly short-term economic survey, or *tanwan*, indicated that more of the major manufacturing companies were pessimistic than optimistic, the first time a negative view has held sway since the surging yen ravaged the economy in 1987. The nonmanufacturing sector was positive on balance, but far less so than before.

"The economy is in for a hard time," said Richard Koo, senior economist at the Nomura Research Institute, "and very determined government actions, on both the monetary and fiscal fronts, are needed to reverse the trend."

The tankan heightened expectations that the Bank of Japan will cut its official discount rate another half-point, to 4 percent, probably within the next few weeks. But it also suggested that the economy

of data, including architectural drawings stored on three of its 20 personal computers.

Otherwise, little trouble was reported in Japan. Japan's personal computer market is dominated by local makers and only about a fifth of the PCs in Japan are of the IBM-compatible type.

Andy Robertson, a systems analyst at Bank of New Zealand, said the publicity blitz probably outweighed the threat. "It's 90 percent hype," he said.

In Sydney, a telephone hotline operated by an electronics company was swamped with calls but only two cases of the virus were identified.

Computer service companies in Taiwan said they received a few reports of the virus on Friday but that they were not serious. There were no reports in Hong Kong, China or South Korea.

Computer viruses are the electronic equivalent of biological bugs. They sneak into computer systems aboard infected discs or in sabotaged programs copied from electronic bulletin boards. There are more than 1,000 known viruses.

First discovered in Europe last year, Michelangelo has been found in the United States in Leading Edge Products Inc., the Palisades nuclear plant of the Consumers Power Co. in Michigan, the U.S. Agriculture Department, a few machines in the House of Representatives, and a California newspaper.

It also has appeared in the computer systems of at least five Japanese companies.

South Africa was the country hardest hit, with more than 1,000 computers affected.

With Middle Eastern offices closed for the Muslim day of prayer, there was little risk of damage. There were no reports of any problems in France, and only a few in Germany.

In Japan, a small architectural and civil engineering firm lost an estimated \$20,000 to \$30,000 worth

Advertisement for The Leading Hotels of the World. Features a large image of a hotel building and text: 'The world's finest hotels are now even more attractive. Before you depart on your next trip, find out why The Leading Hotels are the only hotels worth checking into...' Includes contact information for various countries.

High-Lows... To our readers in Berlin...

MARKET DIARY

Swiss Intervention Weighs on Dollar

NEW YORK — The dollar ended mostly lower on Friday after a session of volatility and confusion over U.S. economic data and intervention by the Swiss central bank.

"Everybody's afraid of intervention, they were in convincingly," Tom Moore of American Express Bank said of the Swiss.

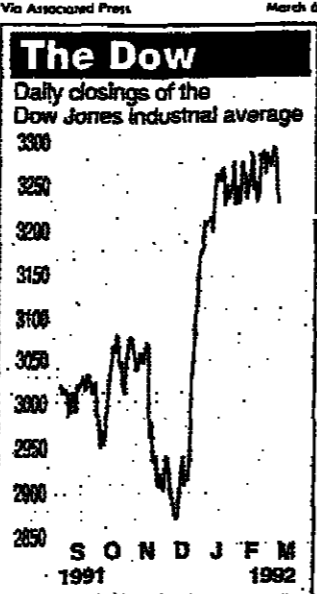


Table with columns: Vol., High, Low, Last, Chg. for NYSE Most Active stocks.

Dow Jones Averages

Table showing Dow Jones Averages: Daily closings of the Dow Jones Industrial average, Standard & Poor's, NYSE Indexes, NASDAQ Indexes, and AMEX Stock Index.

EUROPEAN FUTURES

Table showing European Futures: Food (SUGAR, COFFEE), Metals (ALUMINUM, COPPER), and Financial (3-MONTH STERLING).

U.S. FUTURES

Table showing U.S. Futures: Grains (WHEAT, SOYBEANS), Metals (HI GRADE COPPER), and Livestock (CATTLE, HOGS).

U.S. Says Canada Dumps Lumber

WASHINGTON (Reuters) — The Commerce Department ruled Friday that Canada was dumping lumber on the U.S. market at unfairly low prices, laying the foundation for permanent duties on the exports.

Xerox Unit Loses Suit to Monsanto

BASKING RIDGE, New Jersey (Bloomberg) — Xerox Corp. said its Crum & Forster Inc. unit may have to pay up to \$141.7 million in damages to Monsanto Co. because of a Texas jury ruling.

Federated to Revamp Management

CINCINNATI (UPI) — Federated Department Stores Inc. said Friday it would consolidate management of its Abraham & Straus and Jordan Marsh department store subsidiaries and close Jordan Marsh's Boston headquarters.

FDA Speeds Up Approval Process

WASHINGTON (NYT) — After months of demonstrating that the Food and Drug Administration can be tougher in regulating drugs and medical devices, Commissioner David A. Kessler has unveiled a new program of rapid approval for biotechnology products.

U.S. Company Nears Railcar Contract

BOISE, Idaho (Reuters) — San Francisco has recommended awarding a railcar contract to Morrison-Knudsen Corp., beating out two Japanese competitors, company officials said Friday.

For the Record

Coca-Cola Co. said it had no comment on speculation that Berkshire Hathaway Inc.'s chairman, Warren Buffett, had sold part of his stake in the company.

JOBLESS: Quirks Blur the Data

(Continued from page 1) opened higher and then dropped back to the session's lows by midday. The Dow closed 19.90 points lower at 3,221.60.

The stock market's behavior was driven by expectations about interest rates, which these days drive it far more vigorously than events in the real economy.

The department said the retail trade is probably improving at a slower rate but pointed to other bright spots. About 30,000 automobile workers returned from layoffs to help boost car production.

Gordon Richards, economist at the National Association of Manufacturers, found it "extraordinarily difficult to figure out what is going on in these statistics," but made a stab at it this way:

"The reported increase of 164,000 jobs is scarcely awe-inspiring, but it would be consistent with other indicators that the first quarter will show weak positive growth rather than a relapse into recession.

Declining stocks outnumbered advances by nearly 2 to 1 on the New York Stock Exchange, and broader indexes as well as the minor markets also retreated.

Italy May Sell ENI Stake This Year

ROME — The Italian government may sell a 10 percent to 15 percent stake in the giant state-owned energy group Ente Nazionale Idrocarburi this year, Budget Minister Paolo Cirino Pomicino said in a magazine interview released Friday.

Mr. Cirino Pomicino told the weekly Mondo Economico that the stake may be floated in the fourth quarter, after the group is transferred into a joint-stock company.

The government has budgeted to raise about 15 trillion lire (\$12 billion) this year through the sale of stakes in state holding companies and other assets.

But Mr. Cirino Pomicino said the government had no intention of letting its stake in ENI or the state industrial concerns Istituti per la Ricostruzione Industriale or EFIM fall below 51 percent.

WORLD STOCK MARKETS

Table showing World Stock Markets: Amsterdam, Helsinki, Hong Kong, Brussels, Johannesburg, Frankfurt, London, Zurich, Stockholm, Toronto, Montreal.

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U.S. FUTURES

Table showing U.S. Futures: Grains (WHEAT, SOYBEANS), Metals (HI GRADE COPPER), and Livestock (CATTLE, HOGS).

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Table showing U.S. Futures: Grains (WHEAT, SOYBEANS), Metals (HI GRADE COPPER), and Livestock (CATTLE, HOGS).

Vertical advertisements on the right margin including BT Plans, E.K. Current, Medland Ups, and NASDAQ.

# BT Plans Major Staff Cuts

**Compiled by Our Staff From Dispatches**

LONDON — BT PLC said on Friday it would make substantial staff cuts in 1992, but a spokesman described as speculative reports that it would slash up to 25,000 jobs, or more than 10 percent of its work force.

Although the job losses are within the framework of a restructuring and modernization program announced two years ago, the former state telephone monopoly acknowledged that the recession had forced it to make far deeper cuts than originally planned.

British newspapers said Friday that BT, formerly British Telecommunications, would shed up to 25,000 jobs by the end of March 1993.

"Our plans are not yet complete," said Michael Hepler, group managing director.

Mr. Hepler said the company would be informing its 218,000 employees of its job reduction plans in the next few days. The company said it hoped the cuts could be accomplished through attrition and voluntary retrainments.

"We are notifying staff of further substantial job reductions but with no round figure," said Peter Kinsella, a company spokesman.

Industry analysts, who have been urging BT for years to accelerate job reductions to boost profits,

have said they expect next year's cuts to range between 15,000 and 25,000 jobs.

BT shares showed little reaction to the announcement, falling 3 pence to 333 pence on the London Stock Exchange.

The firm expanded its staff after its privatization in 1984 to carry out a massive modernization of its telephone network and enable it to operate with a smaller staff. That task is now almost complete.

BT said it expected to have cut as many as 16,000 jobs in its current financial year, which ends March 31, after shedding 18,000 the previous year. Employment peaked at 240,000 in 1986.

In the year ending March 31, 1991, the group made a pre-tax profit of £3.07 billion (\$5.27 billion).

Tony Young, general secretary of the National Communications Union, said his union was appalled at the suggested scale of job losses and would fight any compulsory layoffs, but he said he had no official confirmation that 25,000 jobs would be eliminated.

The new round of job cuts follows recent layoffs announced by the British arms of Ford Motor Co. and General Motors Corp., and comes at a time when unemployment has risen higher on the political agenda in the run-up to the general election, which is expected on April 9.

(Reuters, AFP, AP)

# Net Surges By 57% at Credit Suisse

**Compiled by Our Staff From Dispatches**

ZURICH — Credit Suisse said Friday that consolidated net profit jumped 57 percent in 1991, despite soaring provisions for bad debts.

Net reached a record 848 million Swiss francs (\$557 million), up from 539 million francs in 1990. Switzerland's third-largest bank said losses, write-downs and provisions rose 61 percent to 1.14 billion francs last year from 705 million francs, largely to cover endangered credits in the current poor economic climate.

But sharply higher income from commissions and trading in currencies, precious metals and securities offset the rise in provisions.

Trading income soared sixfold to 1.26 billion francs from 213 million francs in 1990. Earnings on commissions rose 21 percent to 1.47 billion francs.

The bank also said it plans to raise the dividend paid to its parent, CS Holding, to 23 francs from 20 francs.

The results were in line with analysts' forecasts, but CS Holding's share price fell 40 francs on Friday, to 1,990 francs, in line with a generally lower Zurich stock market.

Chief Executive Robert Jeker was optimistic about the bank's outlook for 1992. "We have a budget for 1992 that includes a profit increase," he said at a news conference.

(Reuters, Bloomberg)

# Continental Reverses Stance on Voting Rights

**Reuters**

HANNOVER, Germany — The German tiremaker Continental AG, reversing itself, said Friday it believed a shareholders' decision last year to scrap its voting rights restriction was not valid.

The move had been seen as breakthrough in attempts to appease heavily protested German firms to overseas bids. Continental said it would accept a position to be put by a shareholder at a May 27 court hearing that the decision was invalid.

A pact between Italy's Pirelli SpA and its backers in a takeover bid for Continental is against German stock regulations and Continental's bylaws, it said.

Pirelli and its backers, who had stakes in Continental, were among the voters at the extraordinary shareholders' meeting in March on the voting rights restriction.

Pirelli has since said it had promised its backers that it would reimburse them for losses suffered since the share-buying operation was launched in the summer of 1990.

Hartmut Dietrich, a shareholder of Continental, launched an appeal in April against the decision to disavow Continental's restriction of voting rights to 5 percent.

Continental and Pirelli ended the 15-month takeover saga in November by saying they would face the competitive markets alone rather than merge.

Corporate finance specialists had seen Pirelli's removal of the 5 percent voting rights limit at Continental as a small step on the road to opening up German companies to foreign takeovers.

| Investor's Europe |                       |              |  |  |
|-------------------|-----------------------|--------------|--|--|
| Frankfurt DAX     | London FTSE 100 Index | Paris CAC 40 |  |  |
| 1800              | 2700                  | 2000         |  |  |
| 1750              | 2600                  | 1900         |  |  |
| 1700              | 2500                  | 1800         |  |  |
| 1650              | 2400                  | 1700         |  |  |
| 1600              | 2300                  | 1600         |  |  |
| 1550              | 2200                  | 1500         |  |  |
| 1500              | 2100                  | 1400         |  |  |
| 1450              | 2000                  | 1300         |  |  |
| 1400              | 1900                  | 1200         |  |  |
| 1350              | 1800                  | 1100         |  |  |
| 1300              | 1700                  | 1000         |  |  |
| 1250              | 1600                  | 900          |  |  |
| 1200              | 1500                  | 800          |  |  |
| 1150              | 1400                  | 700          |  |  |
| 1100              | 1300                  | 600          |  |  |
| 1050              | 1200                  | 500          |  |  |
| 1000              | 1100                  | 400          |  |  |
| 950               | 1000                  | 300          |  |  |
| 900               | 900                   | 200          |  |  |
| 850               | 800                   | 100          |  |  |
| 800               | 700                   | 0            |  |  |
| 750               | 600                   |              |  |  |
| 700               | 500                   |              |  |  |
| 650               | 400                   |              |  |  |
| 600               | 300                   |              |  |  |
| 550               | 200                   |              |  |  |
| 500               | 100                   |              |  |  |
| 450               | 0                     |              |  |  |
| 400               |                       |              |  |  |
| 350               |                       |              |  |  |
| 300               |                       |              |  |  |
| 250               |                       |              |  |  |
| 200               |                       |              |  |  |
| 150               |                       |              |  |  |
| 100               |                       |              |  |  |
| 50                |                       |              |  |  |
| 0                 |                       |              |  |  |

# U.K. Current-Account Gap Narrows

**Compiled by Our Staff From Dispatches**

LONDON — Britain's current-account deficit narrowed to £4.4 billion (\$7.55 billion) in 1991, the smallest since 1987 and down sharply from a gap of £15.4 billion in 1990, the government said Friday.

The revised data were a mild boost to the ruling Conservative Party, which has been embarrassed about Britain still importing far more than it exports at a time when the economy is stuck in recession and consumer spending is weak, economists said.

"The figures are encouraging for the government but it remains disappointing that the country still

has a large trade deficit," said Philip Shaw, economist at Hill Samuel. "During a deep recession you would expect the deficit to be eradicated."

The Conservatives are preparing for an expected April 9 general election against the backdrop of a deep slump. Britain's non-oil economic output has shrunk for six quarters in a row, and last year's 2.5 percent fall in output was the steepest since 1931.

The overall current-account deficit narrowed to a revised £642 million in the fourth quarter, well below an earlier estimate of £1.66 billion and down from £1.25 billion in the third quarter.

The revision reflected better-than-expected earnings in so-called invisible trade, covering areas such as financial services, tourism and European Community contributions.

The surplus on invisibles in the final quarter of 1991 was revised to £1.92 billion from an earlier estimate of £900 million. About half of the improvement arose because British transfer payments to the Community were £500 million lower than expected.

The surplus on invisibles for all of 1991, which includes payments for Britain's Gulf War efforts, rose to £5.7 billion from £3.2 billion in 1990.

(Reuters, Bloomberg)

# Joint Venture Plans Aid For Polish Power Plants

**Compiled by Our Staff From Dispatches**

PITTSBURGH — Westinghouse Electric Corp. and seven Polish power stations have formed a joint venture to modernize and implement a maintenance program for Poland's fossil-fuel power plants.

Under terms of the joint venture agreement announced Thursday, Westinghouse will work with the Polish power stations to plan and coordinate steps to improve the efficiency, production and environmental performance of the plants. The team will coordinate its work through the project's joint venture office in Warsaw, and Westinghouse's power generation headquarters in Orlando, Florida.

The seven power stations include 45, 200-megawatt coal-fired units located throughout Poland.

Meanwhile, in Moscow, Westinghouse signed a deal on Friday to build an international airport in Irkutsk in central Siberia, Moscow Radio said. Preliminary estimates showed the new airport would be able to handle 30 to 40 planes an hour, the radio added.

(Reuters, UPI)

# Joint Venture Plans Aid For Polish Power Plants

dropping more difficult. Long-distance communications in the former Soviet republics now rely heavily on microwaves beamed from tower to tower across the countryside, and these microwaves are easily tapped by satellites and other means.

Fiber-optic systems, on the other hand, are extremely difficult to tap without physical access to the system. In the war with Iraq last year, allied aircraft repeatedly bombed sites in Baghdad and elsewhere that concealed fiber-optic cables and transmission equipment, in a particularly successful effort to sever the cables and force the Iraqi military to use radios that could be tapped more easily.

The Defense Department and intelligence agencies have opposed the shipment of fiber-optic equipment mainly because it would make American electronic eaves-

# Redland Ups Steetley Bid

**Reuters**

LONDON — Redland PLC on Friday attempted to deliver a knock-out blow in its bid for rival British building company Steetley PLC by raising its offer to £625 million (\$1.07 billion).

Investment analysts considered the new offer as likely to succeed. The company is offering 87 new Redland ordinary shares for every 100 in Steetley, up from a previous offer of 85. It also offered a cash alternative of 365 pence a share.

Redland shares fell 7 pence to 447 pence, making the share option of its offer for Steetley worth 389 pence a share or £625 million.

Steetley, which sought to fend off Redland's earlier bid by claiming it was worth 375 pence a share, rose 3 pence to 380.

Steetley told its shareholders to sit tight and called a board meeting to consider its response.

The new offer follows an increasingly bitter war of words between the two companies over Steetley's prospects and performance. In raising its offer, Redland savaged a Steetley defense document published on Thursday, which showed that Steetley has had to make big write-offs on an investment in France.

# TELEPHONE: U.S. Agrees to Ease Curbs, but Will Companies Step In?

**(Continued from page 1)**

Union. For a fiber-optic cable across the region to be financially attractive to Western investors, the allowed transmission speed would have to be increased 12 times, said Ed Matix, a spokesman for US West Inc., a regional Bell telephone company based in Englewood, Colorado.

The best Western transmission technology available is 38 times faster than that currently allowed on exports to the former Soviet republics and a dozen times faster than the proposed technology.

The Commerce Department, the German government and many U.S. companies, led by American

# TELEPHONE: U.S. Agrees to Ease Curbs, but Will Companies Step In?

more difficult and by improving the ability of foreign communications systems to survive conventional and nuclear war.

The agreement Thursday would allow shipments of extremely clear, hair-thin glass fibers that can carry light signals for miles with little distortion or fading. The pact also would triple existing limits on the speed of computerized transmission equipment used to create and receive the light signals at the ends of a cable.

The Defense Department and intelligence agencies have opposed the shipment of fiber-optic equipment mainly because it would make American electronic eaves-

- Very briefly:**
- Alitalia said it plans to invest 5 trillion lire (\$4 billion) over the next four years, with 80 percent going to renew and expand its fleet.
  - Pirelli SpA said it will cut 500 jobs, mainly in the Milan area, as a part of a restructuring announced in November; it said further cuts will follow at mid-year in Italy and abroad.
  - Deutsche Airbus made a profit of more than 400 million DM (\$239 million) in 1991, said Edzard Reuter, chairman of its parent, Daimler-Benz AG.
  - Deutsche Bundespost Telekom said it sealed a long-term product cooperation agreement with the electronics group Siemens AG, beginning with the joint offer of products based on Siemens' Hicom 300 system.
  - Petróleos Mexicanos will exercise an option to raise its stake in Repsol SA to 5 percent from 2.88 percent, Repsol said.
  - Switzerland's consumer price index was up 4.6 percent in February from a year earlier, down from January's 4.9 percent rise.
  - Ga. Générale des Etablissements Michelin said its radial tires have been selected by Boeing Co. to equip its 777 aircraft under development.
  - Koninklijke Nijverdal-Ten Cate NV, a Dutch plastics and textiles maker, said net profit rose 10 percent in 1991 to 44.2 million guilders (\$23.5 million).
- (Reuters, AP, AFP, Bloomberg)

# Profit Plunges at Norway's Aker

**Compiled by Our Staff From Dispatches**

OSLO — The Norwegian construction and engineering firm Aker AS said on Friday that its 1991 profit plunged to 92 million kroner (\$14 million) from 632 million kroner in 1991.

Aker reported a profit rather than a loss because of a one-time gain from the sale of a 20 percent stake in the oil company Noco, which yielded 241 million kroner.

The company's result was hurt by a decline in the cement and construction division, which last year had a loss of 79 million kroner, against a profit of 369 million kroner in 1990. And in August, an Aker subsidiary, Norwegian Contractors, lost an oil platform that was under construction near Stavanger.

(Reuters, AFP)

# NASDAQ

**Friday's Prices**  
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

| 12 Month High | Low | Stock                  | Div  | Yld  | PE | 100 Hrs | Low  | 1 PA | Chg |
|---------------|-----|------------------------|------|------|----|---------|------|------|-----|
| 100           | 80  | IBM                    | 4.00 | 4.00 | 15 | 100     | 100  | 100  | 0   |
| 120           | 100 | Microsoft              | 0.00 | 0.00 | 15 | 120     | 120  | 120  | 0   |
| 150           | 130 | Oracle                 | 0.00 | 0.00 | 15 | 150     | 150  | 150  | 0   |
| 200           | 180 | Intel                  | 0.00 | 0.00 | 15 | 200     | 200  | 200  | 0   |
| 250           | 230 | Sun                    | 0.00 | 0.00 | 15 | 250     | 250  | 250  | 0   |
| 300           | 280 | HP                     | 0.00 | 0.00 | 15 | 300     | 300  | 300  | 0   |
| 350           | 330 | Motorola               | 0.00 | 0.00 | 15 | 350     | 350  | 350  | 0   |
| 400           | 380 | Texas Instruments      | 0.00 | 0.00 | 15 | 400     | 400  | 400  | 0   |
| 450           | 430 | Advanced Micro Devices | 0.00 | 0.00 | 15 | 450     | 450  | 450  | 0   |
| 500           | 480 | Linear Technology      | 0.00 | 0.00 | 15 | 500     | 500  | 500  | 0   |
| 550           | 530 | National Semiconductor | 0.00 | 0.00 | 15 | 550     | 550  | 550  | 0   |
| 600           | 580 | Rockwell International | 0.00 | 0.00 | 15 | 600     | 600  | 600  | 0   |
| 650           | 630 | Rockwell Automation    | 0.00 | 0.00 | 15 | 650     | 650  | 650  | 0   |
| 700           | 680 | Rockwell International | 0.00 | 0.00 | 15 | 700     | 700  | 700  | 0   |
| 750           | 730 | Rockwell International | 0.00 | 0.00 | 15 | 750     | 750  | 750  | 0   |
| 800           | 780 | Rockwell International | 0.00 | 0.00 | 15 | 800     | 800  | 800  | 0   |
| 850           | 830 | Rockwell International | 0.00 | 0.00 | 15 | 850     | 850  | 850  | 0   |
| 900           | 880 | Rockwell International | 0.00 | 0.00 | 15 | 900     | 900  | 900  | 0   |
| 950           | 930 | Rockwell International | 0.00 | 0.00 | 15 | 950     | 950  | 950  | 0   |
| 1000          | 980 | Rockwell International | 0.00 | 0.00 | 15 | 1000    | 1000 | 1000 | 0   |

| 12 Month High | Low | Stock                  | Div  | Yld  | PE | 100 Hrs | Low  | 1 PA | Chg |
|---------------|-----|------------------------|------|------|----|---------|------|------|-----|
| 100           | 80  | IBM                    | 4.00 | 4.00 | 15 | 100     | 100  | 100  | 0   |
| 120           | 100 | Microsoft              | 0.00 | 0.00 | 15 | 120     | 120  | 120  | 0   |
| 150           | 130 | Oracle                 | 0.00 | 0.00 | 15 | 150     | 150  | 150  | 0   |
| 200           | 180 | Intel                  | 0.00 | 0.00 | 15 | 200     | 200  | 200  | 0   |
| 250           | 230 | Sun                    | 0.00 | 0.00 | 15 | 250     | 250  | 250  | 0   |
| 300           | 280 | HP                     | 0.00 | 0.00 | 15 | 300     | 300  | 300  | 0   |
| 350           | 330 | Motorola               | 0.00 | 0.00 | 15 | 350     | 350  | 350  | 0   |
| 400           | 380 | Texas Instruments      | 0.00 | 0.00 | 15 | 400     | 400  | 400  | 0   |
| 450           | 430 | Advanced Micro Devices | 0.00 | 0.00 | 15 | 450     | 450  | 450  | 0   |
| 500           | 480 | Linear Technology      | 0.00 | 0.00 | 15 | 500     | 500  | 500  | 0   |
| 550           | 530 | National Semiconductor | 0.00 | 0.00 | 15 | 550     | 550  | 550  | 0   |
| 600           | 580 | Rockwell International | 0.00 | 0.00 | 15 | 600     | 600  | 600  | 0   |
| 650           | 630 | Rockwell Automation    | 0.00 | 0.00 | 15 | 650     | 650  | 650  | 0   |
| 700           | 680 | Rockwell International | 0.00 | 0.00 | 15 | 700     | 700  | 700  | 0   |
| 750           | 730 | Rockwell International | 0.00 | 0.00 | 15 | 750     | 750  | 750  | 0   |
| 800           | 780 | Rockwell International | 0.00 | 0.00 | 15 | 800     | 800  | 800  | 0   |
| 850           | 830 | Rockwell International | 0.00 | 0.00 | 15 | 850     | 850  | 850  | 0   |
| 900           | 880 | Rockwell International | 0.00 | 0.00 | 15 | 900     | 900  | 900  | 0   |
| 950           | 930 | Rockwell International | 0.00 | 0.00 | 15 | 950     | 950  | 950  | 0   |
| 1000          | 980 | Rockwell International | 0.00 | 0.00 | 15 | 1000    | 1000 | 1000 | 0   |

# American Exchange to List Small Stocks

By Stephen Labaton  
New York Times Service

WASHINGTON — The Securities and Exchange Commission has given the American Stock Exchange permission to list smaller, younger and more speculative companies that now trade in the over-the-counter market. The immediate effect of the action Thursday will be to increase competition among the exchanges for smaller companies. For the American exchange, which recently began to reverse a steady erosion of its market share, the decision holds out the hope of new profits, if investors become interested in the new junior tier of stocks.

But, some experts worry, for the small investor the decision presents the risk of involvement in less stable companies, although executives at the American Exchange say they are taking steps to protect the unwary.

Richard C. Breeden, chairman of the commission, said the decision was primarily intended to provide more options for smaller companies to raise money and was part of a grander plan intended to make it cheaper for emerging businesses to issue stock.

"Small businesses cannot raise money unless there's a strong, secondary market thereafter," he said.

Picking up the White House's re-election agenda, Mr. Breeden is proposing to deregulate the marketplace by reducing and in some cases eliminating the public disclosure requirements

for small companies and also by making it easier for mutual funds to invest in them. The smaller companies now eligible to be listed on the American exchange will be exempt from many of the requirements for other listed companies, which must give shareholders the right to elect directors and pass judgment on proposed mergers and acquisitions. The other measures are expected to be formally offered for public comment by the commission next week.

The smaller companies on the Amex will be identified next week and begin trading on March 18. They will be listed under a second tier that the exchange has dubbed the "emerging company marketplace." To identify them to investors, their ticker symbol will include the suffix "ac".

Officials at the Amex said between 15 and 20 companies will be on the list, which is expected to grow to about 50 by year's end.

"It will be an incubator marketplace," said James Jones, the chairman of the American exchange.

The commissioners, who unanimously endorsed the proposal, urged the other national and regional exchanges to consider changing their rules to attract smaller companies.

Several officials at the commission raised concerns that the new market should not become a haven for penny stocks, a term that is often applied to stocks trading for less than \$5 a share.

They advised both the SEC staff and the Amex to act to protect investors against potential fraud because the stocks of new companies would be more speculative than the larger, more established ones.

"I'm concerned about investor confusion, and I'm concerned about investors becoming disenfranchised," said Mary L. Schapiro, a commissioner. "Investors should understand that these companies are subject to much lower standards than companies traditionally associated with the American Exchange."

In particular, the smaller companies will not be required to have outside directors or audit committees, and shareholders need not have a say in them through proxy votes and annual meetings.

Amex officials insisted that investors could have confidence in the new market.

"From the very beginning, we have been emphatic that we want a quality marketplace and not a trash heap for companies on the way down," Mr. Jones said.

He said the exchange wanted to establish a market for companies on the way up, and that to have quality control, the exchange had appointed a screening panel of industry experts.

The newly listed Amex companies must have assets of at least \$2 million if they come from the over-the-counter market, or \$4 million otherwise. They will be required to have a market value of at least \$2.5 million.

# AMEX

Friday's Closing  
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

| 12 Month | High | Low | Stock | Div | Yld P/E | High | Low | 1/4 P/A | Chg |
|----------|------|-----|-------|-----|---------|------|-----|---------|-----|
| 74       | 74   | 74  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 75       | 75   | 75  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 76       | 76   | 76  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 77       | 77   | 77  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 78       | 78   | 78  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 79       | 79   | 79  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 80       | 80   | 80  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 81       | 81   | 81  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 82       | 82   | 82  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 83       | 83   | 83  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 84       | 84   | 84  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 85       | 85   | 85  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 86       | 86   | 86  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 87       | 87   | 87  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 88       | 88   | 88  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 89       | 89   | 89  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 90       | 90   | 90  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 91       | 91   | 91  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 92       | 92   | 92  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 93       | 93   | 93  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 94       | 94   | 94  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 95       | 95   | 95  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 96       | 96   | 96  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 97       | 97   | 97  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 98       | 98   | 98  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 99       | 99   | 99  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 00       | 00   | 00  | AAA   | ... | ...     | ...  | ... | ...     | ... |

| 12 Month | High | Low | Stock | Div | Yld P/E | High | Low | 1/4 P/A | Chg |
|----------|------|-----|-------|-----|---------|------|-----|---------|-----|
| 01       | 01   | 01  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 02       | 02   | 02  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 03       | 03   | 03  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 04       | 04   | 04  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 05       | 05   | 05  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 06       | 06   | 06  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 07       | 07   | 07  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 08       | 08   | 08  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 09       | 09   | 09  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 10       | 10   | 10  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 11       | 11   | 11  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 12       | 12   | 12  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 13       | 13   | 13  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 14       | 14   | 14  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 15       | 15   | 15  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 16       | 16   | 16  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 17       | 17   | 17  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 18       | 18   | 18  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 19       | 19   | 19  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 20       | 20   | 20  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 21       | 21   | 21  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 22       | 22   | 22  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 23       | 23   | 23  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 24       | 24   | 24  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 25       | 25   | 25  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 26       | 26   | 26  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 27       | 27   | 27  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 28       | 28   | 28  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 29       | 29   | 29  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 30       | 30   | 30  | AAA   | ... | ...     | ...  | ... | ...     | ... |

| 12 Month | High | Low | Stock | Div | Yld P/E | High | Low | 1/4 P/A | Chg |
|----------|------|-----|-------|-----|---------|------|-----|---------|-----|
| 31       | 31   | 31  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 32       | 32   | 32  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 33       | 33   | 33  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 34       | 34   | 34  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 35       | 35   | 35  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 36       | 36   | 36  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 37       | 37   | 37  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 38       | 38   | 38  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 39       | 39   | 39  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 40       | 40   | 40  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 41       | 41   | 41  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 42       | 42   | 42  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 43       | 43   | 43  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 44       | 44   | 44  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 45       | 45   | 45  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 46       | 46   | 46  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 47       | 47   | 47  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 48       | 48   | 48  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 49       | 49   | 49  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 50       | 50   | 50  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 51       | 51   | 51  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 52       | 52   | 52  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 53       | 53   | 53  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 54       | 54   | 54  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 55       | 55   | 55  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 56       | 56   | 56  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 57       | 57   | 57  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 58       | 58   | 58  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 59       | 59   | 59  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 60       | 60   | 60  | AAA   | ... | ...     | ...  | ... | ...     | ... |

# NYSE

Friday's Closing  
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

| 12 Month | High | Low | Stock | Div | Yld P/E | High | Low | 1/4 P/A | Chg |
|----------|------|-----|-------|-----|---------|------|-----|---------|-----|
| 61       | 61   | 61  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 62       | 62   | 62  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 63       | 63   | 63  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 64       | 64   | 64  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 65       | 65   | 65  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 66       | 66   | 66  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 67       | 67   | 67  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 68       | 68   | 68  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 69       | 69   | 69  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 70       | 70   | 70  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 71       | 71   | 71  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 72       | 72   | 72  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 73       | 73   | 73  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 74       | 74   | 74  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 75       | 75   | 75  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 76       | 76   | 76  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 77       | 77   | 77  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 78       | 78   | 78  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 79       | 79   | 79  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 80       | 80   | 80  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 81       | 81   | 81  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 82       | 82   | 82  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 83       | 83   | 83  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 84       | 84   | 84  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 85       | 85   | 85  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 86       | 86   | 86  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 87       | 87   | 87  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 88       | 88   | 88  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 89       | 89   | 89  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 90       | 90   | 90  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 91       | 91   | 91  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 92       | 92   | 92  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 93       | 93   | 93  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 94       | 94   | 94  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 95       | 95   | 95  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 96       | 96   | 96  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 97       | 97   | 97  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 98       | 98   | 98  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 99       | 99   | 99  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 00       | 00   | 00  | AAA   | ... | ...     | ...  | ... | ...     | ... |

| 12 Month | High | Low | Stock | Div | Yld P/E | High | Low | 1/4 P/A | Chg |
|----------|------|-----|-------|-----|---------|------|-----|---------|-----|
| 01       | 01   | 01  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 02       | 02   | 02  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 03       | 03   | 03  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 04       | 04   | 04  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 05       | 05   | 05  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 06       | 06   | 06  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 07       | 07   | 07  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 08       | 08   | 08  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 09       | 09   | 09  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 10       | 10   | 10  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 11       | 11   | 11  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 12       | 12   | 12  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 13       | 13   | 13  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 14       | 14   | 14  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 15       | 15   | 15  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 16       | 16   | 16  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 17       | 17   | 17  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 18       | 18   | 18  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 19       | 19   | 19  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 20       | 20   | 20  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 21       | 21   | 21  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 22       | 22   | 22  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 23       | 23   | 23  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 24       | 24   | 24  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 25       | 25   | 25  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 26       | 26   | 26  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 27       | 27   | 27  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 28       | 28   | 28  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 29       | 29   | 29  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 30       | 30   | 30  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 31       | 31   | 31  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 32       | 32   | 32  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 33       | 33   | 33  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 34       | 34   | 34  | AAA   | ... | ...     | ...  | ... | ...     | ... |
| 35       | 3    |     |       |     |         |      |     |         |     |

# Record Bond Issue Planned by China

**Compiled by Our Staff From Dispatches**  
**BEIJING** — China will issue a record 30 billion yuan (\$5.5 billion) of Treasury bonds this year to tap the enormous volume of private savings in the country, the China Daily reported Friday.

Zhang Jialun, deputy director of the state debt-management department, was quoted in the official English-language newspaper as saying the issue would start next month. The total is three times the amount raised in 1991.

The funds will be used to pay maturing debts and the government deficit, the official was quoted as saying. The Chinese government is eager to raise money because it is due to repay a record 36.4 billion yuan this year, some 30 billion yuan of which matures in August.

This is the last year of the state's three-year debt-service peak, the newspaper said. Next year, only 10 billion yuan of treasury bonds will mature.

(AFP, Reuters)

# Time Runs Out for Bond

**Agence France-Press**  
**SYDNEY** — Alan Bond, the former high-flying entrepreneur, ran out of time Friday in his fight against bankruptcy when he failed to meet the deadline for repayment of \$194 million.

A Federal Court judge, Trevor Morling, refused to extend the 5 P.M. deadline and Mr. Bond was deemed to be committing an act of bankruptcy because of nonpayment of the debt.

A banking syndicate headed by Hongkong & Shanghai Banking Corp. is to file a petition to the court on Monday as the final step in formal bankruptcy proceedings against Mr. Bond.

Mr. Bond's lawyers will appeal to the full bench of the Federal Court against Mr. Morling's judgment, which upheld a bankruptcy notice. The Perth businessman had applied for the order to be set aside on the grounds that it was calculated on an incorrect exchange rate.

Mr. Bond was formerly the head of the powerful brewing, mining and property conglomerate Bond Corp. Holdings. The company collapsed in December 1990 with debts of 1.2 billion Australian dollars (\$900 million).

# SURVEY: Minolta Sees Loss After Settlement

**Gloom in Japan**  
 (Continued from first finance page)

It is so sluggish that a slight monetary easing will likely have little effect.

"After the cut, the bank will wait for the fiscal side," Mr. Koo said. "If it's still going nowhere and the economy is weakening, we could see more pressure for additional cuts."

But economists caution that the central bank, still worried about reigniting the speculative bubble and "hoping" that the yen will strengthen against the dollar and relieve inflationary pressures, will probably hang tough in resisting further cuts. "If the bank cuts further and politicians push through expansionary programs, it could be like the overkill of 1986-87," said Robert Alan Feldman, an economist at Salomon Brothers Asia, referring to the start of Japan's asset-inflation bubble.

Thus, the tankan should give strong ammunition to politicians hoping to channel trillions of additional yen into the economy to stimulate growth in the fiscal year that begins April 1. The ruling Liberal Democratic Party on Thursday called for the rapid disbursement of the 72.2 trillion yen (\$548 billion) 1992 national budget, which is expected to be enacted in mid-March after being delayed as opposition parties took advantage of a series of political scandals.

Economists expect a supplementary budget to be announced by mid-June that could call for spending totaling a further 2.5 trillion yen to 3.0 trillion yen. But even this may not be enough. So the Ministry of Finance has begun planning for the possibility of dipping into postal savings and other government funds to finance another stimulus package that, unlike the budget, could be enacted by fiat by the ruling party.

"The ministry is preparing for the worst scenario — that the economy will fall into full recession," one economist said. "They're willing to do a lot more if the need arises."

Not all economists, however, think the economy is in such bad shape. Although the tankan shows that companies expect capital spending to decline 3.2 percent in the next fiscal year, the amount of spending remains large. "As a percentage of gross national product," Mr. Feldman said, "spending is still greater than 20 percent versus about 10 percent in the U.S."

And despite a series of bleak economic indicators showing an increase in corporate bankruptcies and falling industrial output and household spending, the Japanese economy will likely grow about 2 percent in fiscal 1992. That is far below the government's 3.5 percent target, but a far cry from the sluggish growth seen in the U.S. and Europe.

# In U.S., Fear of Japan Dumping Chips

**By Andrew Pollack**  
*New York Times Service*

**SAN FRANCISCO** — American semiconductor executives are beginning to express concern that their Japanese competitors might be selling computer chips below production cost, a practice that would violate the semiconductor trade agreement between the nations.

The reappearance of such charges, which still lack substantial proof and are denied by Japanese executives, could further stir up tense relations over trade in electronics.

The Semiconductor Industry Association, an American lobbying group, which meets in Washington next week for a regular board meeting, will also hold talks with government officials. Both access to the Japanese market and chip pricing are expected to be topics of discussion, said William P. Weber, executive vice president in charge of semiconductors for Texas Instruments Inc.

American semiconductor executives are already growing increasingly angry that their companies have not seen much increased market share in Japan, one of the key provisions of the trade agreement.

If the Japanese are also selling below manufacturing cost outside their own country, a practice known as dumping, they would be in danger of violating both important parts of the agreement.

"If they violate one, there will be serious consequences," said Joseph Parkinson, chairman and chief executive of Micron Technology, a memory chip maker in Boise, Idaho. "If they violate both, all hell is going to break loose."

Bob Brown, senior vice president and group executive for Toshiba America Electronic Components, a subsidiary of one of Japan's largest chip makers, called the dumping charges a joke.

"Our customers tell us that U.S., Korean and European suppliers are quoting more aggressive prices than we are," he said. "I also believe the Japanese companies have taken the semiconductor agreement seriously and will abide by it."

An executive with a non-Japanese memory chip manufacturer, who asked not to be identified, agreed that the Japanese tended to have higher prices than others in dynamic

random access memories, or D-RAMs. "They lost market share because they have maintained prices," he said.

Japanese companies were accused of dumping in the mid-1980s, when both American and Japanese companies suffered huge losses in the memory chip business. At that time, American companies dropped out of the business of producing D-RAMs, the main type of chip used to store information in computers.

The semiconductor agreement, first signed in 1986, set up a system of floor prices on Japanese chips to prevent dumping and also called for American and other non-Japanese

random access memories, or D-RAMs. Japanese companies have said in general that an economic downturn in Japan has made it harder for them to take on new, foreign suppliers.

If dumping becomes an issue again after several years in the background it would further increase the pressure for strong retaliation against Japanese companies.

Fears of dumping are being spurred in part because prices seem to be suddenly dropping rapidly.

Many Japanese companies invested heavily a few years ago in huge factories to produce chips, particularly D-RAMs. Now, however, there is an oversupply and, it is believed, some companies are losing money on those chips.

"If they're losing money in D-RAMs, they're dumping, and that's illegal," said Mr. Parkinson of Micron, who is also this year's chairman of the Semiconductor Industry Association.

Andrew Procassini, president of the Semiconductor Industry Association, said that in the last two weeks he has received calls from several chief executives of member companies concerned that dumping might be taking place.

He said some of the comments related to chips other than D-RAMs, although he would not say which chips or which companies he had heard from.

Mr. Weber of Texas Instruments said, "I do not today have evidence of dumping." However, he added: "We have concerns about the supply-demand imbalance in Japan. We are seeing over the last several months very sharp price declines."

Executives of some companies that make products other than D-RAMs, like Advanced Micro Devices and LSI Logic, said they were not aware of dumping in their product areas.

There is some belief that warnings about dumping are merely an attempt to scare Japanese companies into keeping prices high, which also makes it easier for American companies to compete.

Mr. Parkinson, whose company is one of the few American ones left in the D-RAM business, concedes that to some extent he is trying to send a message to the Japanese.

**The reappearance of such charges, which still lack substantial proof and are denied by Japanese executives, could further stir up tense relations over trade in electronics.**

chip companies to gain at least 20 percent of the Japanese semiconductor market.

Most executives say that since then, dumping has not been an issue. When the agreement was renewed last year, the floor prices were abolished. The new agreement provides a means for the U.S. government to investigate dumping charges quickly if an American company files a complaint. So far, no complaints have been filed.

Most American executives say their main concern now is with access to Japan's market. As of the third quarter of 1991, the latest period for which figures are available, American and other non-Japanese semiconductor companies held 14.3 percent of Japan's chip market, and the figure has not been increasing rapidly.

That makes it a certainty that the target of a 20 percent share will not be met by the deadline of the end of the year. American semiconductor executives are beginning to discuss ways of increasing the pressure on

### Investor's Asia

| Hong Kong Hang Seng | Singapore Straits Times | Tokyo Nikkei 225 |
|---------------------|-------------------------|------------------|
| 5150                | 1600                    | 27500            |
| 4950                | 1500                    | 25000            |
| 4850                | 1400                    | 22500            |
| 4750                | 1300                    | 20000            |
| 4650                | 1200                    | 17500            |
| 4550                | 1100                    | 15000            |
| 4450                | 1000                    | 12500            |
| 4350                | 900                     | 10000            |
| 4250                | 800                     | 7500             |
| 4150                | 700                     | 5000             |

| Exchange     | Index           | Friday Close | Prev. Close | % Change |
|--------------|-----------------|--------------|-------------|----------|
| Hong Kong    | Hang Seng       | 4,908.90     | 4,964.29    | -1.12    |
| Singapore    | Straits Times   | 1,445.75     | 1,456.84    | -0.76    |
| Sydney       | All Ordinaries  | 1,604.70     | 1,608.30    | -0.22    |
| Tokyo        | Nikkei 225      | 20,992.99    | 20,864.42   | +0.62    |
| Kuala Lumpur | Composite       | 590.94       | 593.93      | -0.50    |
| Bangkok      | SET             | 807.65       | 800.85      | +0.85    |
| Seoul        | Composite Stock | 626.09       | 619.23      | +1.11    |
| Taipei       | Weighted Price  | 4,988.08     | 5,033.53    | -0.90    |
| Manila       | Composite       | 1,118.81     | 1,157.61    | -3.35    |
| Jakarta      | Stock Index     | 283.21       | 282.21      | +0.35    |
| New Zealand  | NZSE-40         | 1,460.48     | 1,465.18    | -0.32    |
| Bombay       | National Index  | Closed       | 1,549.88    | -        |

Sources: Reuters, AFP  
 Information: H. J. Thong

### Very briefly:

- Singapore Manufacturers Association said Singapore businesses would discuss a Vietnamese offer to let Singapore companies set up plants in an exclusive export-processing zone.
- Fuji Bank Ltd. lowered its parent earnings forecast for the year ending March 31 because it will set aside reserves of about 100 billion yen (\$763 million) against bad domestic loans.
- Kao Corp. of Japan said it would raise capital spending in the year to March 1993 by at least 10 percent to a minimum of 80 billion yen from 73 billion in the year to March 1992.
- Lion Corp. said it would spend as much as 10 billion yen on research and development in calendar 1992, up from 9.0 billion the previous year.
- Taiwan will impose an export restriction on computer software to prevent local enterprises from shipping out counterfeiters, the Board of Foreign Trade said.
- A railway line linking China and Vietnam is to reopen soon for the first time since the two neighbors went to war 13 years ago, the Chinese government said, without setting a date.
- Honda Motor Co. said its U.S. subsidiary had started exporting cars made in its Ohio plant to Australia as part of a plan to expand exports to another seven countries this year.
- Taiwan had accumulated a record \$82.8 billion in foreign exchange reserves at the end of January, the highest in the world, Central Bank of Chinese officials said Friday.
- Siemens AG, the German electronics group, said it received a follow-up order from Thailand to install 350,000 hookups for Siemens' EWS digital telephone switching system in the next 18 months.

(AFP, Reuters)

# COMPANY RESULTS

| Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated. | Year   | 1991   | 1990   | 1989 | United States       |
|---|--------|--------|--------|------|---------------------|
| <b>Canada</b>   | Year   | 1991   | 1990   | 1989 | Albertson's         |
| Net Profit  | 42.10  | 32.50  | 21.00  | 1991 | 2,200               |
| Per Share   | 0.61   | 0.50   | 0.32   | 1990 | 1,750               |
| Per Share   | 0.61   | 0.50   | 0.32   | 1989 | 1,300               |
| <b>Britain</b>  | Year   | 1991   | 1990   | 1989 | Barclays            |
| Net Profit  | 221.68 | 197.08 | 172.08 | 1991 | 2,200               |
| Per Share   | 0.61   | 0.50   | 0.32   | 1990 | 1,750               |
| Per Share   | 0.61   | 0.50   | 0.32   | 1989 | 1,300               |
| <b>Germany</b>  | Year   | 1991   | 1990   | 1989 | Fluor               |
| Net Profit  | 25,500 | 19,100 | 15,100 | 1991 | 1,600               |
| Per Share   | 0.61   | 0.50   | 0.32   | 1990 | 1,250               |
| Per Share   | 0.61   | 0.50   | 0.32   | 1989 | 900                 |
| <b>Japan</b>  | Year   | 1991   | 1990   | 1989 | K. Mori             |
| Net Profit  | 177.49 | 121.50 | 77.50  | 1991 | 1,600               |
| Per Share   | 0.61   | 0.50   | 0.32   | 1990 | 1,250               |
| Per Share   | 0.61   | 0.50   | 0.32   | 1989 | 900                 |
| <b>Switzerland</b>  | Year   | 1991   | 1990   | 1989 | Neft Semiconductors |
| Net Profit  | 1,530  | 820.40 | 450.00 | 1991 | 1,600               |
| Per Share   | 0.61   | 0.50   | 0.32   | 1990 | 1,250               |
| Per Share   | 0.61   | 0.50   | 0.32   | 1989 | 900                 |

# Japan Doubles Fees On Futures Trading

**Bloomberg Business News**  
**TOKYO** — Japan's three largest exchanges will double commissions on futures and options trading as well as the fees that brokerages pay for trades made on their own accounts, exchange officials said on Friday.

The changes, which were announced at a news conference held at the Tokyo Stock Exchange, also lift informal bans preventing brokerages from trading stocks on their own accounts in the last 15 minutes of trading and from accounting for more than 30 percent of the trades on a single stock in a month.

The new rules are intended to correct what exchange officials consider to be an imbalance between equity and derivative markets. They will take effect March 23 on the Tokyo, Osaka and Nagoya exchanges.

Commissions will be doubled for all futures and options trades on Japanese stock indexes and averages on the three exchanges. The most actively traded of these contracts are the futures and options on the Nikkei 225 average, which trade on the Osaka Exchange.

The Osaka Exchange has five fixed-commission rates, depending on the size of the trade. The rates for Nikkei futures trades worth less than 100 million yen (\$760,000), will rise to 0.08 percent. For the largest trades, those worth more than 1 billion yen, commissions will rise to 0.01 percent plus a flat fee of 280,000 yen.

Commission on the smallest category of Nikkei options trades, those worth less than 100 million yen, will rise to 4 percent. For the largest trades, worth more than 1 billion yen, commissions will rise to 0.6 percent of the trade plus 335,000 yen.

The three exchanges said they would no longer push brokerages to abide by an informal ban on trading on their own accounts in the final 15 minutes of the trading day. The informal ban was intended to prevent brokerages from manipulating prices.

# Nissan Motor President To Offer Resignation

**Agence France-Press**  
**TOKYO** — The president of Nissan Motor Co., Yusaku Kamekura, has decided to resign in order to revitalize the management of Japan's second-largest automaker, company sources said Friday.

The sources said that Mr. Kamekura, 70, who has served as president for four terms over a period of seven years, will be succeeded by Vice President Yoshifumi Tajiri, 64. Mr. Kamekura will remain as chairman of the company. A formal decision will be made at a board of directors' meeting following approval by shareholders at a meeting in June.

Canon, as a strong company, will play much harder ball with Honeywell," Mr. Petersik said. "They are one of the bigger patent holders in the United States," he said, so "eventually Honeywell will have to ask Canon for some patents too."

Analysts said Minolta was the most exposed of the Japanese companies because of its heavy reliance on the camera market, which has slumped as consumers opt for small video cameras made by big consumer electronics companies.

"It is very difficult for the camera industry to recover profits," said Etsuro Ogasu, analyst at UBS Phillips & Drew International. "It's a mature product and there are very few technological advances possible."

Minolta's efforts to diversify further out of the camera business are likely to run into stiff competition from those already in those markets, analysts said.

Minolta relies on cameras for 44 percent of its revenues, while Canon has a major profit generator in its laser-beam printers.

Nikon, meanwhile, has branched out into semiconductor manufacturing equipment, although that market is suffering with the microchip market downturn.

# Tokyo Auto Parts Maker Grows Beyond its 'Keiretsu' Ties

**Bloomberg Business News**  
**TOKYO** — Tachi-S Co. began in a tiny Tokyo workshop bending metal rods into car seat springs. A half century and billions of dollars later, the company makes the stylish seats for today's Nissans, Mitsubishis, Mazdas and Toyotas.

It's a rags-to-riches story, Japanese-style, but with an unusual twist. The company is one of a growing group of manufacturers that are succeeding with an independent business style that is challenging Japan's controversial keiretsu system, the most frequently cited cause of Japan's chronic trade frictions with the world.

A popular notion among American auto industry executives and politicians is that Japanese manufacturers have blocked access to their country's market through the use of keiretsu — giant industrial cartels that through close management ties and cross-shareholdings are said to control every link in the business chain.

For decades, Tachi-S has been part of Nissan Motor Co.'s keiretsu. Twenty percent of its stock is owned by Nissan, and its president is a former Nissan man. And yet, like growing numbers of small auto parts manufacturers in Japan, Tachi-S has struck out on its own to a degree that U.S. auto executives might find surprising.

"We are slowly but surely seeing

the keiretsu coming to an end," said John Casey, an analyst with W.I. Carr Overseas Ltd. in Tokyo. "The changes should foster ease of market entry for new Japanese parts makers and, more importantly, foreign makers."

By aggressively pursuing the business of four out of the five largest auto manufacturers in Japan, Tachi-S has carved out a solid niche in the auto parts trade and become Japan's second-largest auto seat maker.

Tachi-S began in the Tokyo suburb of Tachikawa in 1943, bending thin metal rods into automotive springs for the military. After the war, it began stamping out springs for the civilian auto industry.

It was the company's alliance with the Nissan that assured its success in the early postwar years. In 1948, Tachi-S started supplying seats to Prince Motors, a carmaker that was closely allied to, and was eventually bought by, Nissan. For about 12 years, Prince Motors and Nissan

accounted for 100 percent of Tachi-S sales.

From the beginning, though, Tachi-S executives knew that to thrive in the long run they would have to develop business ties beyond Nissan. One by one they brought on new customers, and by the mid-1960s the company was providing seats not only to Nissan and Prince but to Toyota-group truck maker Hino Motors Ltd., Mitsubishi Motors, Nissan Diesel Motor Co. and Isuzu Motors Ltd. It later began supplying to Honda Motor Co. and, finally, Toyota Motor Corp.

"The fact that we were making seats for both Nissan and Hino didn't make us seem too trustworthy," said Takeshi Shimizu, executive director of Tachi-S. "I'm sure that Nissan was thinking that we should devote ourselves solely to making seats for them. But that would have made us nothing but a subcontractor. We wanted to supply to all companies."

"They were taking an enormous

risk," said Koji Endo, senior analyst for S.G. Warburg in Japan. "By starting shipments to Mitsubishi they might have completely lost all shipments to Nissan."

Part of the reason Tachi-S has been able to play both sides of the fence is that, as a purveyor of car seats only, it has built up a level of expertise that makes its products appealing and attractively priced to many automakers.

Even more than that, however, changing economic conditions in Japan and the world in the 1980s have brought pressure on the keiretsu structure.

A turning point came 1985, when Toyota agreed to strengthen the yen

in response to complaints about its huge trade surplus. Suddenly, profits its made by Japanese exporters in foreign currencies withered when converted into yen.

In 1986, operating profit at Tachi-S fell 42 percent to 839 million yen (\$6.4 million at current rates). Earnings dropped an additional 25 percent the next year.

By 1988, Tachi-S had pulled profits out of their dive and showed a year-on-year operating profit rise of 87 percent. In its fiscal 1991, sales to Mitsubishi were expected to account for about 35 percent of its projected 106 billion yen in sales, and should surpass sales to Nissan for the first time.

### AUSTRALIA FUND SICAV

2, boulevard Royal, L-2953 LUXEMBOURG  
 R.C. Luxembourg B-24061

Notice is hereby given to the shareholders, that the ANNUAL GENERAL MEETING of shareholders of AUSTRALIA FUND will be held at the company's registered office, 2, boulevard Royal, L-2953 Luxembourg, on March 16, 1992 at 11:00 a.m. with the following agenda:

1. Submission of the Report of the Board of Directors and of the Auditor
2. Approval of the Statement of Net Assets and of the Statement of Operations for the year ended as at December 31, 1991
3. Allocation of the net results
4. Discharge to the Directors
5. Statutory Appointments
6. Miscellaneous

The shareholders are advised that no quorum is required for the items on the agenda of the Annual General Meeting and that decisions will be taken on a simple majority of the shares present or represented at the Meeting with no restrictions.

In order to attend the annual general meeting, the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the company or with Banque Internationale à Luxembourg, 2, Boulevard Royal, L-2953 Luxembourg.

THE BOARD OF DIRECTORS

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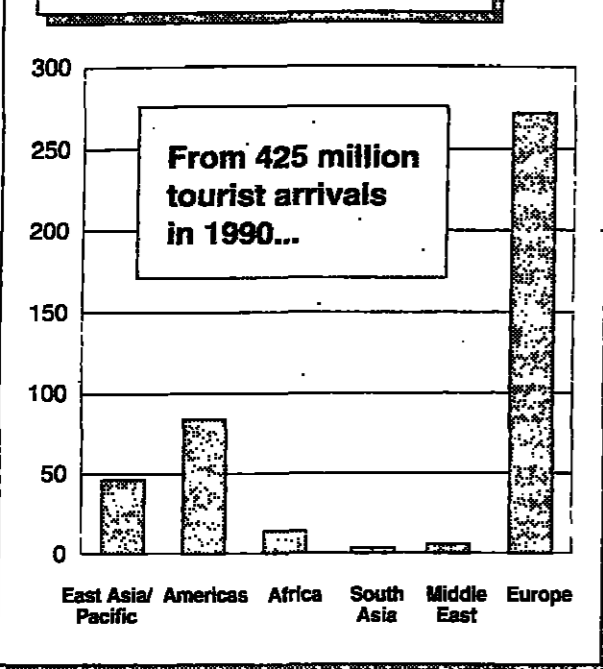
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'We are weathering the economic and geopolitical storm. Our product is excellent,' says Geoffrey Lipman, president of the World Travel and Tourism Council.

TAKING THE LONG VIEW



WHEN the 30,000 members of the travel industry gather in Berlin from March 7 to 12 for the International Tourist Exchange, they will hear experts claim that the bad times brought on by the Gulf War and world recession are now in the past. Business is already better when compared with the same period in 1990, rather than with the "freak" year of 1991, experts will say, and the industry has become too obsessed with the recession.

Figures of the World Travel and Tourism Council indicate that tourism annually contributes an average of 5.5 percent of global gross national product (or \$3 trillion), one job in 15 and 7.5 percent of global capital investment. Tourism remains the world's biggest industry, with more added value than automobiles in Japan; agriculture, steel and textiles in Germany; or electronics, steel and textiles in Britain.

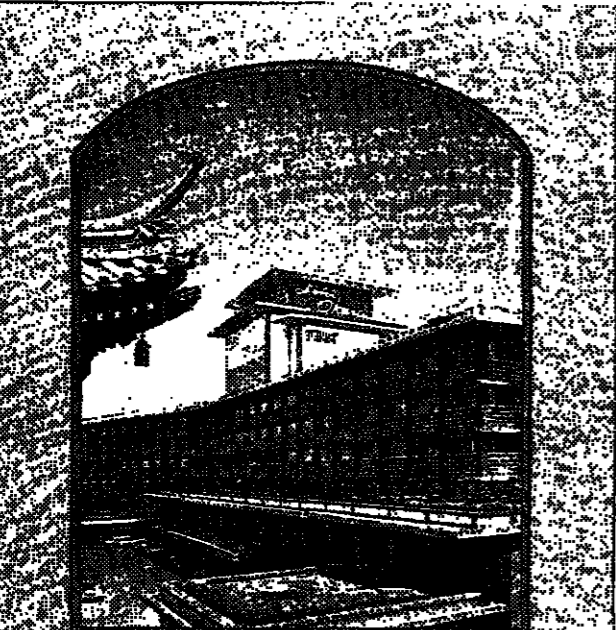
Kuoni, the Swiss-based travel agency, has noticed this new trend and has an extended program for British and European cities, particularly those with museums. Club Med has a program for Europe's museum cities, including Edinburgh.

Atlantic fares and those in Europe has led to complaints to the EC Commission from smaller airlines. British Midland's Sir Michael Bishop considers business-class fares in Europe to be 30 percent too high. For example, London-Nice club class is more expensive than a curate fare to the U.S. East Coast.

Discounts resulting from crises created by the Gulf War and world recession have continued into 1992, but Richard Hannah, airline analyst at UBS Phillips & Drew in London, does not believe there will be further price slashing. Spring will be the deadline for many special offers.

Hotel expansion. Hotels have taken big knocks in the United States, but elsewhere in the world hundreds of new hotels are under construction, many of them business hotels with bedroom-office environments or establishments for the budget-conscious traveler.

ber and January, however, saw an uptick that will lead to close to 63-percent occupancy this year and a point or so higher in 1993, according to Mr. Hanson.



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A recovery toward the end of 1991 enabled Britain to report 18 million tourists for the year and receipts of more than \$13 billion. The year started badly because of a generalized fear of flying, but ended only 6 percent down.

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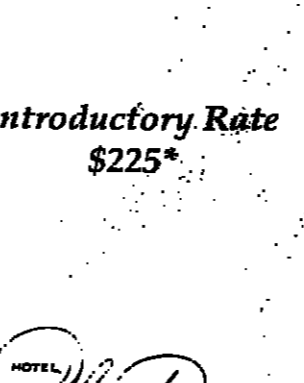
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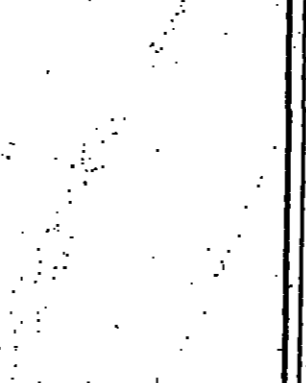
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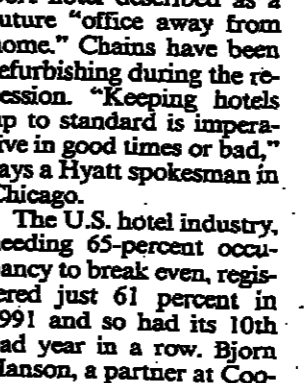
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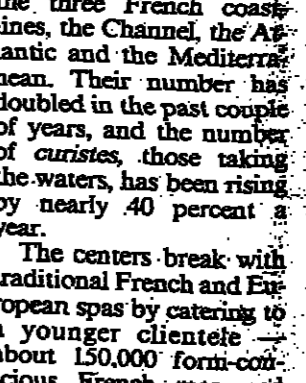
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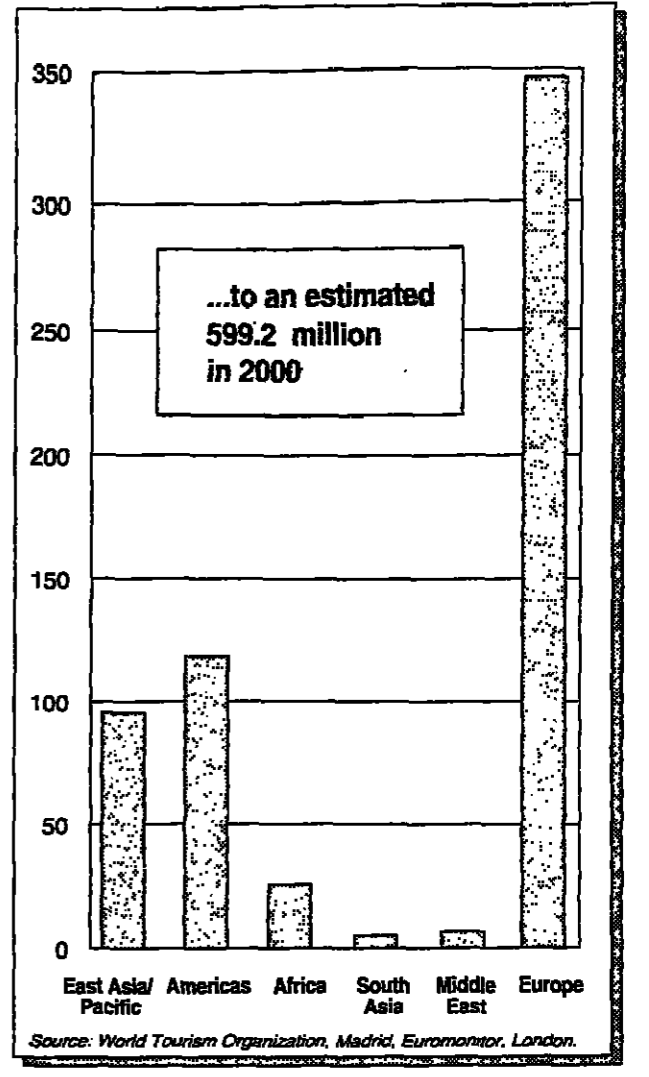
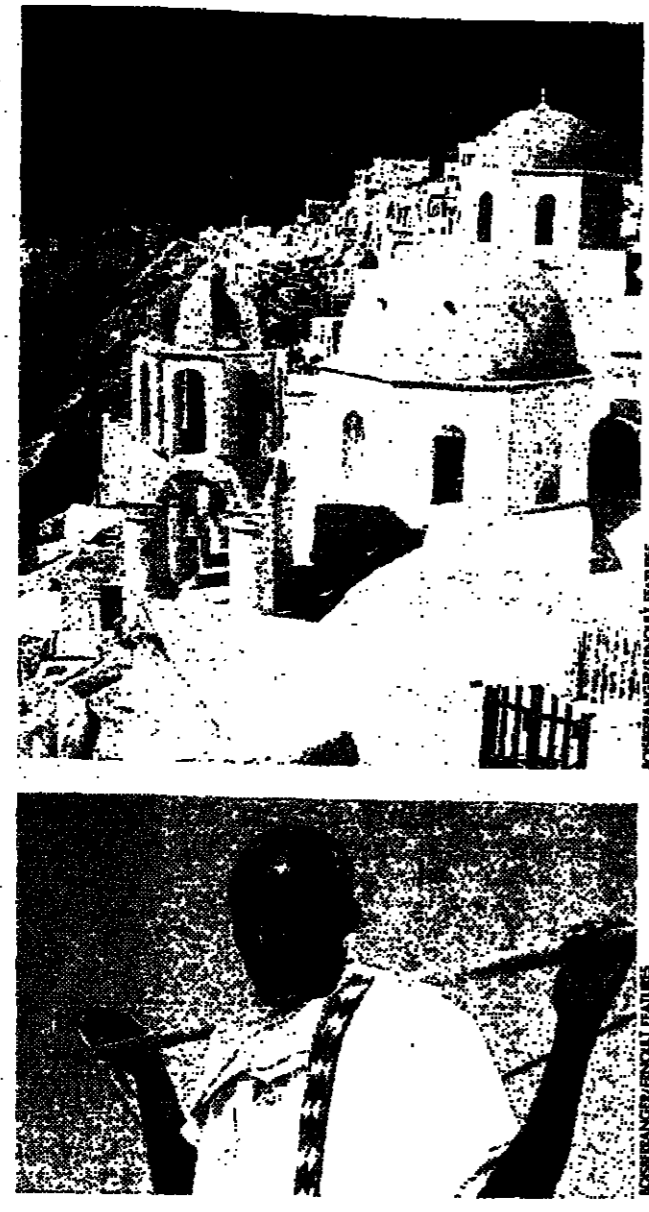
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as much as treatment for such conditions as rheumatism or convalescence following operations or accidents.

Based on the principle that heated seawater can permeate the body, healing it (and the spirit) of the ravages of stress, the centers offer what is called "thalasso plaisir." The pleasure factor is evident in the striking blue-and-white beachfront architecture, the ingenious diets and the nearby golf courses and tennis courts.

Top-of-the-range Biarritz charges upwards of \$300 a day, but the price includes the cure, the room, demi-pension and golf. More and more, foreigners are beginning to make use of ultramodern facilities at Deauville, with its two grands hôtels, the Normandy and the Royal.

Hotel groups, such as Accor, have entered the market. Accor runs Quiberon, Sables d'Olonne, Carnac and Oleron by the Atlantic, Dinard and Le Touquet along the Channel and Porticchio in the Mediterranean. Accor is looking to build a dozen more centers and could cater to 300,000-400,000 cruises a year by the end of the decade.

**CRUISING SUCCESS**

In another maritime sphere, Japanese tourists led Club Méditerranée to commission a second sail-and-motor cruise ship, Club Med 2, which will be launched in Le Havre in September and be based in Guam, the Pacific island for Japanese honeymooners, and New Caledonia, another favorite Japanese destination.

The Club Med chief executive, Serge Trigano, says the world cruise market was set to "explode" during the 1990s, particularly in the Pacific. To-

day's demand is for sleek, high-tech cruise boats with rear platforms for water sports. Prior to Club Med's yacht-liners, the company depended on Windstar and three smaller, more luxurious boats.

But big is still beautiful for many passengers. The inimitable Queen Elizabeth II provides a trans-Atlantic service and around-the-world cruises of 100 days, costing up to \$126,900 for double occupancy.

Aided by discounts, cruise boats in general reported 90 percent occupancy in 1991. An estimated four million passengers spent \$5 billion, and the industry says the passenger total could triple to around 15 million a year by the end of the decade.

The American share could rise from 3.2 million to 10 million. Americans fill the 2,600-passenger boats-cum-floating-towns that ply the Caribbean. Demand led Royal Caribbean Cruise Lines to add a juggernaut Monarch of the Seas (70,000 tons) to join a sister ship, Sovereign of the Seas, out of Miami.

Mediterranean cruise lines, notably Paquet, offer theme cruises — classical music, gastronomy or literature. Prices are falling: the ultra-modern Italian liner Costa Classica, which sets out from Genoa to follow Columbus's route, charges \$145 to \$215 a day.

This year, the Baltic capitals and St. Petersburg are among the ports of call of Cunard's Vistafjord (\$6,400 to \$15,600 for 15 days out of Amsterdam).

But eyes are on the Pacific, where the current total of 40,000 Japanese cruise passengers is set to increase many times. Japanese builders, such as Mitsubishi, have been to French and other yards offering to buy the latest

**TOP OF THE MARKET**

Back on land, luxury hotel chains, particularly those in Europe, are broadening their range of services, notably for businessmen. Deauville on the French channel coast is a good example. This is where Prince Charles played polo, the Aga Khan bought, sold and raced horses and Elizabeth Taylor held court during the American film festival. But Deauville now mixes business with pleasure: the dominant Lucien Barrière hotel chain (Normandy, Royal, Golf) relies upon businesspeople attending seminars and congresses for 40 percent of its income.

The casino has been Deauville's money pump, but business is taking over. Underground passages will link hotel, conference center and casino for the best of all worlds. With the late Lucien Barrière's daughter, Diane, running things, the resort concept is being applied at other hotels in the chain at Cannes, Dinard, La Baule and Enghien.

Philippe Gazagne, director general of the Lucien Barrière hotels, thinks it pays to pile on the luxury and service — his sales are up 14 percent despite the recession.

The Aga Khan's Ciga hotels are concentrating on city-center "palaces," notably the restored Maurice in Paris and the recently acquired Imperial and Bristol in Vienna, while the Savoy group of London is extending its Best of Both Worlds, a seven-night program for American travelers that includes a stay in any of their five hotels, plus air-

port transfers in chauffeur-driven cars, discounts in London restaurants and shops and complimentary golf.

Peter Bates, the Savoy's marketing director, says he hopes the program's extension to February 1993, will speed the return to better times.

**EXPANSION AREAS**

Egypt, Greece and Turkey are recovering from the effects of the Gulf War on East Mediterranean tourism. The Gulf states themselves are confident enough to invest in tourism in a significant way. These areas are benefiting from relative détente, higher investment and a belief, in the words of London-based tourism consultant Jonathan Boddender, that "the upward trend, forecast for 1990-1995, has not been halted by the bad year of 1991."

Cruise boats are returning in force to Greek and Turkish ports. In Egypt, the four luxury hotels of the Indian Oberoi group report "boom business."

In the Gulf, Abu Dhabi plans a \$2.5-billion leisure complex on a 10-square-kilometer (4-square-mile) man-made island. Lulu (Pearl) Island will have one of the world's largest domes, pavilions for Islamic states, luxury hotels and golf courses linked by monorail. Oman is building a 260-room resort hotel a few miles from the capital, Muscat, which will be managed by Club Med.

Spain, after difficult years at the end of the 1980s, is looking to the Barcelona Olympics (July 25-Aug. 9) and the Seville World Fair (April 20-Oct. 12) to confirm 1991's recovery.

Barcelona has given itself a whole new beach area, ring road, improved port facilities, new hous-

**BUSINESS BRIEFS**

Ten-month figures for last year showed a 3-percent decline in European

outbound trips, but a 3-percent rise in short break holidays, according to the European Travel Monitor in Munich. It says air travel was down 10 percent in the 10-month period (it improved later), but trains drew 5 percent more passengers. Eastern Europe recorded a 7-percent increase in trips from Western Europe. Strong growth points in Europe were Denmark (+40 percent); Portugal (+8 percent); Austria (+6 percent) and Norway (+3 percent). Losers in European arrivals in 1990: North Africa (-32 percent), Turkey (-35 percent), Greece (-14 percent), Yugoslavia (-65 percent) and the former Soviet Union (-25 percent).

Accor, the French hotel group, is expanding its presence in Tanzania to seven establishments (hotels, lodges for the game reserves and beach properties) with 700 rooms. One property is on Mafia Island. In the future, the French want to build a Novotel at Dar Es Salaam and a beach hotel in Zanzibar.

The European Bank for Reconstruction and Development in London reports plans for 21 hotels in Budapest, including one Danube property by Oberoi of India, 13 in Prague and 30 in Moscow. Few projects have reached the building stage in Moscow.

One-day art trips from Paris with no overnight stay have been launched by Club Med. Called Art Liberté, the first trips are to Amsterdam (Rijksmuseum, Rembrandt's House, Van Gogh Museum and the Modern Art Museum); Berlin (the Dahlem and Pergamon museums, the Egyptian section of the Charlottenberg Chateau) and Rome (Vatican museum, Michelangelo at the San Pietro church, the Forum). The cost is around 2,000 francs (\$352). Other destinations being offered include London, Bruges, Milan, Florence, Venice, Naples and Edinburgh. Plans are being made for Antwerp, Barcelona, Budapest, Dresden, Prague, Seville, Tunis and Turin.

ber and January, however, saw an upturn that will lead to close to 63-percent occupancy this year and a point or so higher in 1991, according to Mr. Hansson.

Hilton, Sheraton and Four Seasons have been offering cash rebates, free airline tickets, frequent-flyer mileage credits and new services like Hilton International's "Wa No Kuturo" (comfort and service the Japanese way).

Not surprisingly, budget hotels had better occupancy rates. Yet hope springs eternal at the top end of the industry. Hotels magazine reported 78 percent occupancy for the top 10 hotels in the world last year. In Bangkok, Barcelona and Beijing, but also in Hamburg, Helsinki, Ho Chi Minh City, Istanbul, Los Angeles, London, Miami, Manila, Mexico City, New York, Osaka, Paris, Rome, San Francisco, Seoul, Singapore, Taipei, Tokyo and Vancouver.

The Japanese market is expected to grow 1991, but the return to an expanded market groups like the Japanese Air Lines, which has a subsidiary in the United States, is expected to grow 1991. The Japanese market is expected to grow 1991. The Japanese market is expected to grow 1991.

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THE MONEY REPORT

FIRST COLUMN What Zeros Mean: More Or Less

THE world's press reports on them every day, but whether they exist or not is a matter of debate. It would be comforting to think that we are talking about UFOs, the latest supposed set of Hitler's diaries or maybe the long line of people claiming to be Elvis or Marilyn. Unfortunately not. What we are dealing with here is the phenomenon known as the psychological barrier.

Deciding When to Pay Mutual Fund Fees

By Judith Rehak

ALTHOUGH you would have to be an optimist to point to this week's mildly encouraging U.S. economic statistics and shout "recovery," the mutual fund industry and its investors don't seem to be in any doubt: Things are picking up.

U.S. investors poured \$28.2 billion into mutual stock and bond funds in December, and recently published sales figures for January showed another surge, with record purchases of \$31.8 billion pushing total assets of all funds up to an all-time high of \$1.41 trillion.

If you've decided to jump on the bandwagon by calling your broker for advice, you may now be trying to get a grip on a confusing set of terms like "A" shares, "B" shares, deferred contingency sales fees and front- and back-end loads. If it sounds like a new language, it is. It's called finance.

These semi-algebraic terms describe the latest permutation in sales charges for some 140 broker-sold funds, which offer a choice between a front-end load (A shares) or a back-end load (B shares), where there is no initial sales charge but a commission is levied if you bail out within a specified period of time. This "exit fee" can start as high as 6 percent in the first year, and typically declines 1 percent a year until it disappears.

Commissions on broker-sold funds were a straightforward proposition back in the early 1980s. You paid up when you bought — often as much as a stiff 8.5 percent of your investment. (In contrast, direct marketed funds tend to carry no or very low fees because there is no broker to compensate.)

But as the investing public became more sensitive to high sales charges, many of those funds abolished or lowered their front-end loads, making costs less visible by tacking on fees when investors sold shares. Funds with these "contingent deferred sales fees" became known as back-loaded or B shares; many brokers spotted an opportunity for a new product and began offering an A or B option for the same fund.

Assets of A and B funds have grown steadily over the past five years. What's

more, two of its biggest purveyors, Merrill Lynch and Alliance Asset Management, are now selling funds with the same concept in Europe.

The most critical aspect of choosing between A and B shares is your investment time-frame, says Gerald Perritt, editor of the Mutual Fund Letter. "Ask yourself honestly, 'If I buy, how long do I think I'm going to be in this fund?'" he advises. "If you're in for a long time, you're probably better off in B shares." That's because the investor who stays in a back-loaded fund for the long haul can escape paying both a front-end commission and an exit fee.

Sounds simple enough, doesn't it? But

'It's just cleaner to pay up front and get those other fees out of the way. Then you don't have to worry about how they're affecting your return.'

that's not the whole story. "Watch out for those 12b-1 fees," Mr. Perritt warns. These fees, named after their Securities & Exchange Commission rule, allow a fund to charge shareholders 0.25 to 1.25 percent of assets each year for marketing — and sales commissions to brokers. Most B shareholders get hit with a hefty 1 percent 12b-1 fee each year, while A shares carry a minimal 12b-1 fee, or none at all.

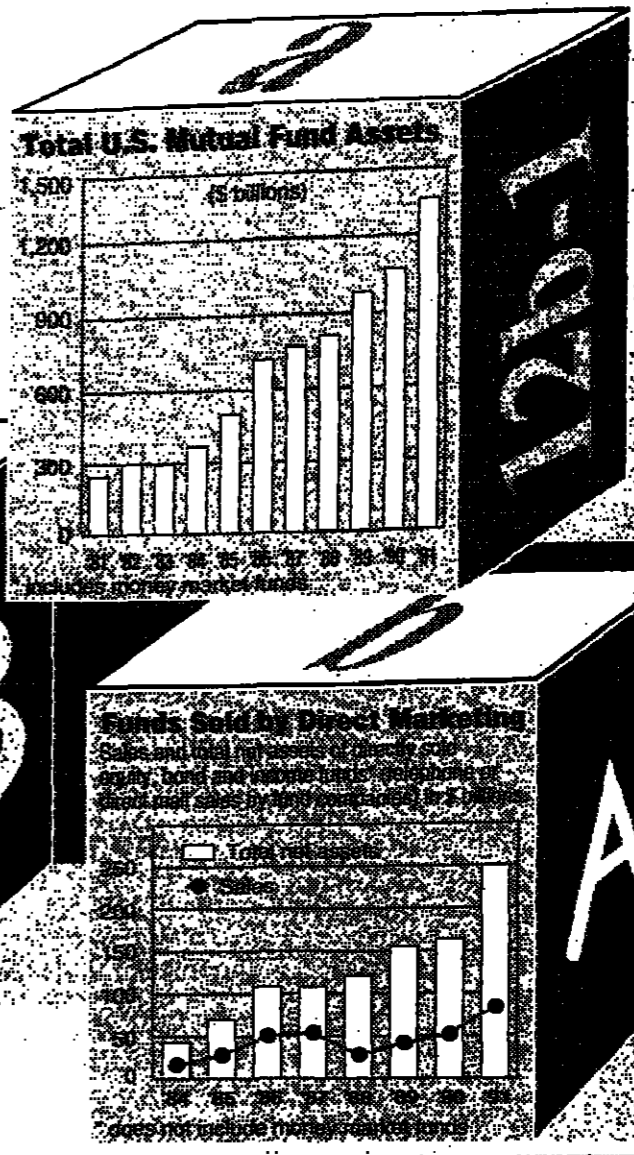
Herein lies the biggest pitfall of back-loaded funds: the fate of the unlucky investor who buys B shares for the long term, and then needs the money before the exit fee has disappeared — often a wait of six years.

"Profits are cut dramatically," says Charles Trzinka, a professor of finance at the State University of New York. The investor gets socked with an exit fee, plus a 12b-1 fee for each year in the fund. Such costs, which could run as high as 6 percent in the first year or two when exit fees are the steepest, are particularly severe for bond

The Alphabet of Funds From A to B



Source: Investment Company Institute



funds, where a 10 percent yield could be cut by more than half.

Worse, some B share funds continue to levy a 1 percent 12b-1 fee year after year, even after the back-end load has disappeared. For example, an investor in a back-loaded fund for eight years will have paid a whopping 8 percent in fees, surpassing any one-time sales charge. "Don't but a B share fund unless the 12b-1 fee disappears quickly," warns John Markese of the American Association of Individual Investors. "It's just better to pay a low front-end charge and get a fund which carries no 12b-1 fee."

A lower up-front commission, in fact, makes the strongest case for A shares, especially if you have a big chunk of money to invest and can take advantage of "fee breaks." For instance, if you can ante up \$50,000 for a Merrill Lynch fixed-income fund, the front-end load drops from 4 per-

cent to 3.25 percent, with the bonus of no annual 12b-1 fee. Or if you shop around, you can even find a fund like Alliance's Multi-Market Trust, a global income vehicle that levies a front-end load of only 3 percent for an investment as small as \$250.

The simpler price structure of A shares also lets investors know exactly where they stand in terms of costs. "There's no camouflage," says Don Phillips, publisher of the Morningstar Mutual Fund newsletter. "It's just cleaner to pay up front and get those other fees out of the way. Then you don't have to worry about how they're affecting your return."

Fixed-income investors whose objective is the highest yield possible may also opt for A shares, says Dennis Reens of Merrill Lynch Asset Management. "Then their yield isn't cut 1 percent by the higher fees of a back-loaded fund," he notes.

Nevertheless, one of the most compelling attractions of B shares is that they can go to work immediately because they carry no initial sales charge. "A lot of our clients are putting \$10,000 or less into a fund and they want it all in the market today," says Mr. Reens. "They don't like getting that first monthly statement showing that of their \$10,000, only \$9,600 was actually invested," he says.

Your broker should be able to help you get a handle on which price structure is best for you, but Mr. Perritt says that it is imperative that investors read the prospectus carefully before buying anything to avoid costly surprises.

"Calculate your investment both ways, and if you can't figure out what it's going to cost you, don't buy it," he advises. "Beware the broker who says, 'I'll buy it for you today and put the prospectus in the mail.'"

In Britain, Beware the Ties That Bind Investment Advisers

By Conrad de Aenle

PERHAPS the biggest single question small investors ask is just where they should invest. They often answer it with another question, namely, where can they get good professional advice.

The recent blowup between the British insurance industry and the Unit Trust Association, the representative body of the nation's mutual funds, brings that second both questions into sharp focus.

The issue polarizing the investment industry is... polarization. That's the legal requirement that investment advisers and insurance brokers must work either for just one investment or insurance com-

pany as "tied agents," or work independently of any investment or insurance company.

The big difference between the two categories reflects itself in the type of advice the consumer receives. Independent advisers must give "best advice" — they must try to find the best product of all available on the market for a given client and then recommend it, irrespective of the commissions it may or may not pay.

The duties of the "tied" advisers are very different. This category of adviser, far from being able to recommend the best available across the whole market, can't even talk about another company's products.

Some observers think there is an inherent conflict in that arrangement, particularly in the insurance

industry. Insurers are among the largest providers of financial services in Britain, selling unit-linked policies as savings surrogates. Like other financial advisers, insurance salesmen are supposed to recommend only what they feel is best for their customers. The insurers say they do that.

"If you are a tied agent, you still have to find out enough information about the prospective policyholder to recommend him the best product your company has to offer or else tell him there is nothing suitable," said Aileen Kimber, a spokeswoman for the Association of British Insurers.

But if there is nothing suitable, agents get no commissions. They may not find that at all suitable. A paper prepared by the Unit Trust Association suggested that many brokers have just such an attitude, according to a senior figure in the unit trust industry who is familiar with the document but refused to be identified more specifically.

In other words, the paper said, insurers' products are often sold for the commissions they generate. It also said many salesmen neglect to fully disclose all the information their clients will need to make well-informed decisions, such as the fees and expenses for which they will be liable and whether an agent is tied or not.

Some insurers, it's no surprise, took exception with the paper. Five of them quit the unit trust organization in a huff. They said that while it's true that some brokers are unscrupulous or not altogether good at their jobs, the majority do fine work.

Ms. Kimber explained that brokers must disclose whether they are tied or independent and must provide a leaflet setting out the details of the investment products they are proposing. And after sales are made, she added, investors have a "14-day cooling-off period" to change their minds.

Despite what the insurers say, Toby Micklethwait, chairman of the Association of Investors, a group of accountants and lawyers who assist investors with claims,

thinks many brokers are failing their clients.

"There's an obligation under the rules of the Financial Services Act of 1986 to give the best advice and not recommend anything but the best," he said. "That obligation is being breached on many, many occasions, both by tied and not-tied representatives."

What about the fee structures? Do insurers charge too much for the services they provide?

"We don't think we do," Ms. Kimber said.

But Jane Vass, who monitors the financial services industry for the

said. That sounds really great, except it's not really true.

John Garner, a spokesman for Norwich Union, said a policy that is soon coming due returned closer to 14 percent through the 1980s, when the share and property markets performed extremely well in Britain. But that was then and this is now. Will new policyholders get 14 percent, or even 11 percent?

"I think it will probably be lower than that," Mr. Garner said, "but this is just a personal guess. Nine or 10 percent might be doing quite well. It depends on inflation."

He added that insurers are not

increase year to year. When an insurance policy is cashed out, the holder is more likely to get all his money back than with a conventional unit trust if the financial markets turn the wrong way.

On the other hand, he went on, "we do see the argument that in some cases it's simpler to have a contract that doesn't have a protection element, and in recent years we have gone into marketing unit trusts that aren't filtered through insurance instruments."

Commissions are higher on life products than on ordinary unit trusts, he said. The spread between the buy and sell prices of its conventional trusts is about 6 percent, about standard for the industry. And there is an annual management charge of 0.75 to 1 percent.

For a 10-year insurance policy with annual premiums of, say, £1,000, or about \$1,720, he estimates there would be a maintenance fee of £12 a year, which is 1.2 percent. The commission, he said, would be 60 percent of the first year's premiums, paid over the first two years.

At first glance, that seems like just another way to say 6 percent, but it's really much more, especially in a country like Britain, with perennially high inflation. By taking the commission in the first two years, it is being paid with pounds that are worth considerably more than the ones from the later years.

Industry observers stress that although commissions may be lower on unit trusts not linked to an insurance policy, that doesn't mean fees are low enough or that they approve of the way trusts are sold.

Ms. Vass said a fund can have a small initial charge, but the bid-offered spread can be much wider for reasons of liquidity. Also, she said, the annual charge may not cover all the costs of running the fund and additional expenses can be deducted.

"There may well be quite a wide difference in how the public thinks unit trusts work and how the industry perceives things," she said. "Our worry is that the individual investor may not know how things work."

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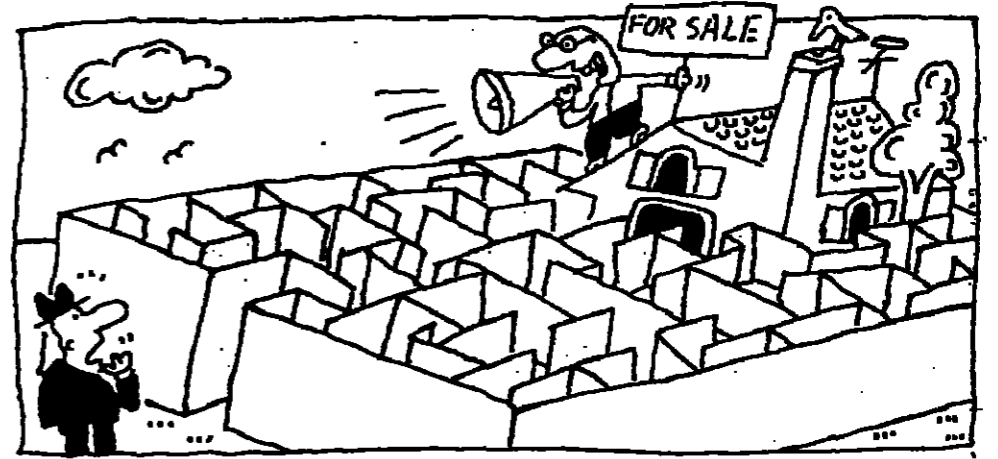
THE MONEY REPORT

European Vacation Homes: No Single Market Yet

By Barbara Wall

THE European vacation home market has been in the doldrums since the late 1980s... The more popular tourist resorts beyond the reach of all but the wealthiest foreign buyers...

and VAT (although VAT is often included in the purchase price). For older properties stamp duty will be payable on top of the charge described above...



BRIEFCASE

IRS Goes Global in an Effort To Aid U.S. Taxpayers...

The Internal Revenue Service has greatly expanded its overseas tax assistance program this year, sending taxpayer assistance specialists to 160 cities in 70 countries during the 1992 income tax filing season...

Lehman's List Is No Nifty Fifty, But It Promises the Universe

What is the core of the universe? Geologists or astronomers may have their own answers to that question, but for financial analyst Lehman Brothers...

But Accountancy Still Sees Big Market for Private Advice

Talking to the taxman alone may not be good enough, according to one firm of international tax consultants. "What the IRS doesn't tell you, Ernst & Young does!" claims the cover of the firm's annual tax guide.

A Turnaround in the Nikkei? London Researchers Say Yes

There is a growing body of opinion among analysts — of which, of course, contrarians will be wary — that the Japanese stock market is an attractive buy nowadays. The fact that the Nikkei index is trading at around 21,000 this week compared with its all-time high of 38,915 two years ago tends to carry a lot of weight with many commentators.

Pictet Moves Its Mutual Funds To New Home in Luxembourg

A sign of the times in Europe: The Swiss banker and investment manager, Geneva-based Pictet & Co., has decided that henceforth it will register its mutual funds in Luxembourg rather than Switzerland.

Ernst & Young

At a cost of \$12.95 readers are promised guidance on reducing their tax liability, planning for it and pitfalls to look out for. This weighty tome of almost 700 pages also contains tax return forms and instructions on how to fill them out, avoiding the most common 25 errors made in tax filing.

France's Northern France offers good value with farmhouses and cottages in Brittany and Normandy selling for as little as \$34,000.

Further south property is more expensive, but it is still possible to buy a small apartment on the coast for as little as \$69,000.

Spain is especially attractive to British buyers, which has given rise to the beginnings of an international market in mortgages. Leading non-resident mortgage schemes are available through Banque Nationale de Paris, Crédit Lyonnais, Crédit Agricole and Crédit du Nord.

The buying process is fairly straightforward but there are pitfalls. Certain purchase agreements should be avoided at all costs; the offre d'achat, for example, commits the buyer to the purchase but the vendor can pull out at any stage without penalty.

Non-residents are advised to leave matters in the hands of a reputable notary to avoid such complications. The notary also will assume responsibility for collecting certain taxes relating to the purchase.

Although property is still relatively cheap in certain areas, the cost can soon mount once stamp duty, value-added tax, local taxes and legal fees are added on.

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The amount depends on the age and location of the property. If the house is under five years old, you can expect to pay around 4 percent of the purchase price including notary's fees, land registry charges

VAT is 6 percent of the purchase price on new and resale properties, and 12 percent on land purchases. Also, plus value — a type of capital gains tax based on the increase in rateable value since the previous registration — is payable to the local municipality. Other costs include legal fees (which tend to be higher than those in France), land registry charges and the survey fee.

Italy In the past two years interest in the Italian market has begun to rival that in France and Spain. Yet property in Italy is not especially cheap and the local taxes can prove prohibitive.

The Italian property market has suffered from successive increases in the annual tax payable on all privately owned properties. During the past year alone this tax has doubled and in some areas trebled.

Non-residents should also be aware of the different levels of tax payable on the purchase of a property. The amount depends on who you buy the property from. If the property is bought from a construction company the tax is 4 percent of the purchase price, compared with 10 percent if the property is bought from a private individual.

On the sale of your property you will be liable to a type of capital gains tax. This varies according to the price of the property, how much it has increased in value since the purchase and the number of years that have elapsed.

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# SPORTS BASEBALL

## Hobbling, Bo Shows He Still Knows Hits

*The Associated Press*  
**SARASOTA, Florida** — In an age when most ballplayers can't wait to run to the bank, Bo Jackson can't run at all.

And even though he still can hit as he showed by going 2-for-2 with a two-run double in Thursday's exhibition opener, he can't play at major league standards. So, he says, he doesn't want the Chicago White Sox to pay him that way.

"I was raised to work hard for my pay, and at this point in time I don't think I'm earning my keep," Jackson said. "I don't feel I'm able to give the White Sox a full 100 percent right now."

"I just need to sit down with management and discuss some things, to see what's best for the team and for Bo Jackson."

Jackson and his agent, Arm Tellem, were to meet Friday with team officials. Both men said that retirement is not being considered.

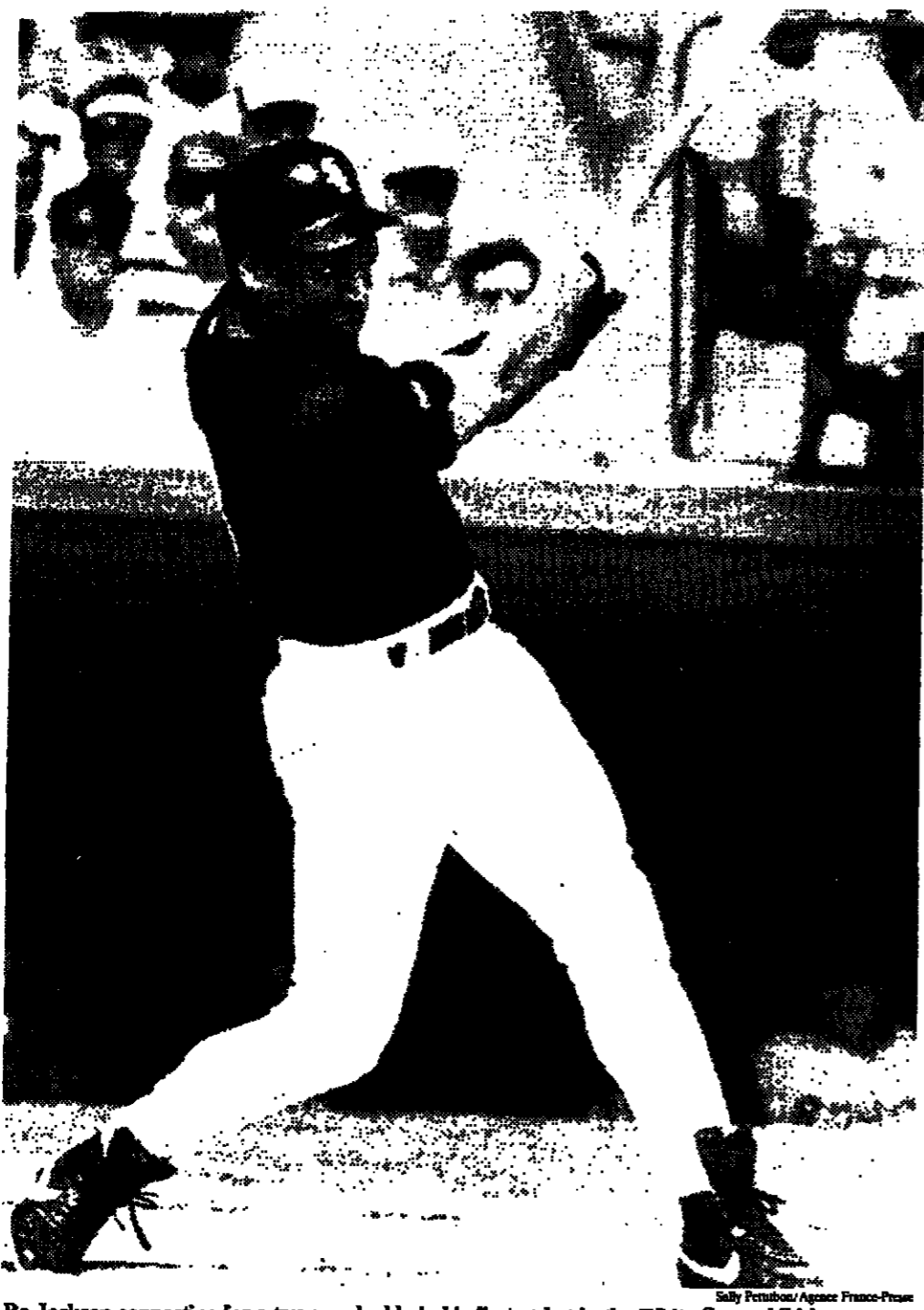
Jackson's contract calls for the White Sox to either keep him or cut him by March 15. If he makes the team, he gets \$910,000 guaranteed, plus \$10,000 for every game he's available to play; if he's released, the White Sox owe him nothing.

"Retirement is not an issue, and it's not really a money issue, either," Tellem said. "This is just in anticipation of the 15th coming, and to get a plan for this year."

There are several options. Jackson could negotiate a new deal or he could go on the disabled list because of an injured left hip, thereby taking away his per-game bonus. Some observers think he might remain in Sarasota for an extended spring training when the team heads north.

While Jackson's contract situation might be in limbo, the crucial of the whole problem — his health — is even more uncertain. "If anybody expects him to run like an average major leaguer, that's not going to happen," the White Sox manager, Gene Lamont, said.

How well he will ever run again, not even Jackson knows. "There are some days when I get the best of



Bo Jackson connecting for a two-run double in his first at-bat in the White Sox exhibition opener.

it, and then there are some days, weeks, when it gets the best of me," Jackson said.

On Thursday, although he got against the fence in right-center field. Before his injury, Jackson probably would've turned it into a triple. This time, Frank Thomas, who has stolen one base in his major league career, scored from first

In the first inning, Jackson hit an 0-2 pitch from John Smiley 385 feet (117 meters) into the wind and up against the fence in right-center field. Before his injury, Jackson probably would've turned it into a triple. This time, Frank Thomas, who has stolen one base in his major league career, scored from first

base long before Jackson limped into second.

Two batters later, with Jackson on second and two outs, Mike Huff hit a grounder that shortstop Jay Bell threw wildly. The ball skipped off the retaining wall and first baseman Gary Redus' throw home nearly nipped Jackson, who tipped home.

## Waiting for the Real Season to Begin

### But for Now, There's Only the Hype-and-Hope Chatter of 'Baseball Andys'

By Robert Lipsyte  
*New York Times Service*

**NEW YORK** — It is rising from the south like a noxious gas, a radon of the soul, and it is seeping into our consciousness with the pit-patter-patter beat of an arrhythmic heart. Call it spring, call it hardball, statball or a second chance for me and dad; it is the exaggerated report that the baseball season has begun.

It has not begun. Baseball is a whole month away. The boys are merely practicing down there, stretching muscles cramped at card

Everyone knows about baseball Annyes, women who give comfort to traveling major leaguers and often keep their own special statistics. Baseball Annyes are their spiritual brothers, although they are far more sentimental about the players and have far less personal contact.

It might be noted that while any sex, race, age or persuasion could be either Annie or Andy, most Annyes are women in their 20s and most Annyes are middle-aged white men.

**B**ASEBALL Annyes talk about baseball incessantly, recycling what they've read in the papers or seen on TV. These days, they are appalled by the attempt of a Japanese group to buy the Seattle Mariners. It's useless to point out that people in Seattle seemed more concerned that a group might buy the club and move it to Tampa, Florida.

The Japanese apparently extrapolated Jacques Barzun's hypothesis that to understand America one first must understand baseball into, "If you buy baseball, America will die." The Japanese are turning into Annyes, too.

Some of my best friends are Baseball Annyes, although I try to see them only in the winter time and I never ask them about their Royals or League teams, their fantasy camp experience or their childhood card collections. Their mothers threw them out.

Baseball Annyes share one horror and one hope.

The horror is that Pam Postema, who spent 13 years as an apparently adequate minor league umpire before she was released, will win her sex-discrimination suit and become a major league umpire. Mom in the majors, between Andy and Dad!

The hope is that Mickey Mantle will show up at their next birthday party. For reasons I am still exploring, Mickey is Andy's all-time favorite player. Maybe it has to do with Mick and his own complex relationship with his father.

In any case, Mickey may be one reason that so many Annyes work so hard filing briefs, merging corporations and, until recently, injecting silicone. Mickey does birthday parties. If you pay him he will come.

### Vantage Point

shows, reading their paternity suits, criminal charges, ghosted bios. They are confiding to reporters how hard it is to relate to left field after sacrificing their lives to right, and they are baking out the booze they never had to buy.

Don't misinterpret my complaint. I love baseball. It's the pastime of my nation. It's what we have instead of Norse sagas and legends of the Samurai. But why are March sports pages already wordlocked with rhapsodies in green, with rookie dreams and veteran's hopes and those charts, endless charts?

No wonder we're behind in math and science; everybody is trying to find a new method of measuring the relationship between deferred income and times at bat with men on base.

I know who is at fault. No, I am not blaming the rust-belt sportswriters who need to justify their surnames, nor do I think it's wrong for clubs to generate off-season publicity for season-ticket sales.

### Baseball Annyes

Baseball Annyes tend to be daddy-fixated. The Andy-laminate, Donald Hall, wrote that baseball was about "fathers playing catch with sons," which sounds great to me. If only dads would just stand outside with their kids of either sex and throw a ball back and forth while discussing condom use and the caliber of pistol to carry to high school.

But, no, dads go screaming to Little League games, and they stand three hours in line with their kids for Jose Canseco's autograph.

## Yankees' Pitcher Pascual Perez Reportedly Fails a Drug Test

*New York Times Service*

**FORT LAUDERDALE, Florida** — The New York Yankee pitcher Pascual Perez reportedly failed a drug test, which if confirmed would result in a one-year suspension and possibly end his career, according to people familiar with the case and with baseball's testing procedures.

A second test, taken from the same urine sample, was under way. If it is positive, Perez, 34, who did not attend Thursday's workout here, would be suspended for a year and would have to apply to the commissioner for reinstatement.

Perez agreed to such an arrangement three years ago to avoid discipline in a previous case in which he tested positive for cocaine use.

A person with knowledge of the case said the pitcher was depressed after learning the results

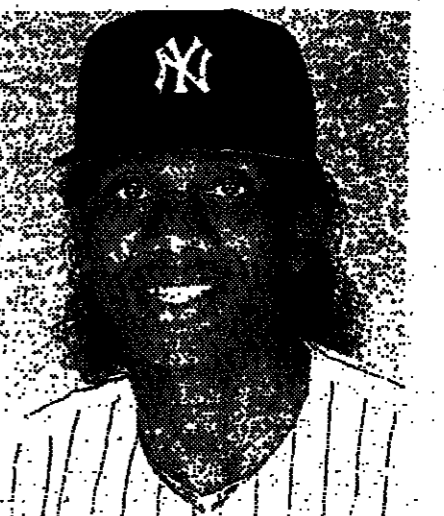
of the test Wednesday night and chose not to take part in Thursday's workout.

Neither the Yankees nor Commissioner Fay Vincent would comment on the matter.

Those with knowledge of the testing process indicated that Perez had tested positive for drug use. It would mark the third time that his career has been interrupted by drugs and the first time since 1989.

Perez was arrested and convicted for possession of cocaine in 1984 in the Dominican Republic, where he was born and continues to live. He was subsequently suspended from the start of the season until May 16, although the suspension was lifted by an arbitrator in late April after Perez filed a grievance.

In 1989, Perez spent two months in a drug rehabilitation program in Palm Beach after testing positive for cocaine use.



For Pascual Perez, whose career has twice been interrupted by drugs, another failed test could result in a one-year suspension.

## BOOKS

### LAURENCE OLIVIER: A Biography

By Donald Spoto. Illustrated. 460 pages. \$23. HarperCollins Publishers, 10 East 53d Street, New York, N.Y. 10022.

Reviewed by Christopher Lehmann-Haupt

It will come as no surprise to readers of Donald Spoto's previous biographies that behind the glitter of Laurence Olivier's triumphant acting career flickered shadows of psychological suffering. In books like "The Dark Side of Genius: The Life of Alfred Hitchcock" and "The Kindness of Strangers: The Life of Tennessee Williams," Spoto has demonstrated time and again the old truism that art is often a compensation for wounds.

But unlike many of his previous books, this biography of the great English actor is uplifting. True, some of its revelations may seem sordid in isolation. There are references to sexual diffidence with women. There is gossip of bad marriages and heavy drinking. There is discussion of professional jealousy and thwarted careers.

And there is the surprising news of Olivier's 10-year love affair with the comedian Danny Kaye, this pairing of the Anglican priest's boy and the kid from Brooklyn seeming odd as unlikely as something a surrealist might dream up,

though Spoto's sensitive handling of the tie makes it seem plausible enough.

Yet in his analysis of Olivier's career, such details come to constitute something like an etiology of acting.

As a choir school student, young Olivier was on the way to the stage, but the death of his adoring mother when he was 12 years old combined with the remoteness of his unloving father did the rest of the job. Thereafter he would hunger after public adoration, seek relief from his loneliness in role-playing and find it hard to relate to people offstage, particularly his three wives, the lesbian Jill Esmond, the tempestuous Vivien Leigh and the impatient Joan Plowright.

Only in old age was he finally able to strive for intimacy among companions, and by that point, Spoto's account suggests, all the world had become his stage.

This fix on Olivier's career makes for a compelling narrative, only minimally flawed by the author's overuse of the word "additionally" and by his affection for melodramatic paragraph endings like "Her name was Vivien Leigh."

Despite the psychobiographical bias, there are plenty of backstage anecdotes. But what lifts this book and makes it useful as well as entertaining is Spoto's discussion of Olivier's acting technique.

As Spoto tells it, Olivier's quest for realism was further refined by his filmmaking experience, particularly after William Wyler taught him while directing "Wuthering Heights" to stop condescending to the medium.

He had nothing but impatience with the Method acting technique of building a character out of the actor's own experience. Instead he always constructed his character out of details he observed in real life or developed from the character's experience instead of his own. This objectivity of Olivier's technique proves valuable to Spoto and allows him to describe excitingly Olivier's landmark performances, all the way from an early rendition of Hamlet to his late television performance as Lear.

The fusing of psychology and technical analysis bears fruit in passages like this summation of an Olivier performance of "Coriolanus": "The reservoir from which he drew was fed not only by his own emotional history but also by a sense of emptiness and consequent neediness. This awareness of inadequacy was suffused by a mysterious gift, enabling him to pass the single beam of his own humanity through the prism of a role — and the emerging, manifold ray reached the countless different lives of his spectators."

Of course there is a film record of various great Olivier performances, but Spoto makes you wish that there was also a movie of "Coriolanus." And he makes you sorrowful of all that Olivier never succeeded in his long struggle to have a film of his "Macbeth" made. But then you wouldn't be able to imagine it so vividly if it weren't for this biography.

Christopher Lehmann-Haupt is on the staff of The New York Times.

## BRIDGE

By Alan Truscott

**T**HERE was a lively post-mortem on the diagrammed deal, from a social game in England. South found a clever way to make six diamonds, in which he appears doomed to lose a heart and a club. After a spade lead he put up dummy's queen and ruffed East's ace. He drew trumps ending in dummy, and led heart three.

This caught East in a Morton's Fork situation. If she ducked, South would win with the king, cross to the club king and throw his heart ace, but that would permit South to throw all his club losers eventually on dummy's three winners, the spade king. Alternatively, East could take her heart ace, but that would permit South to throw all his club losers eventually on dummy's three winners, the spade king and the Q-J of hearts.

"There was nothing we could do," moaned East. "Think again," advised West. "Obviously South had no spades, so East should refuse to play the ace on the first trick. Then South has to take his discard prematurely. If he throws a club, East can safely duck the heart lead."

North chimed in, "South should play low on the first trick, not an honor. Then he can draw two rounds of trumps and lead the heart from the dummy. There is no answer to that, for the spade winner is still in the works."

**NORTH (D)**  
 ♠ KQ3  
 ♥ QJ43  
 ♦ 10 8  
 ♣ K64

**WEST**  
 ♠ 753  
 ♥ 765  
 ♦ 632  
 ♣ Q72

**EAST**  
 ♠ J1064  
 ♥ A1098  
 ♦ 4  
 ♣ J10

**SOUTH**  
 ♠ K2  
 ♥ AKJ975  
 ♦ A9553

Both sides were vulnerable. The bidding:  
 North 1♦ 3♦  
 East 1♥ 3♥  
 South 3NT 4♣  
 West Pass 6♣  
 Pass Pass

West led the spade three.

## DOONESBURY



## DENNIS THE MENACE



## JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

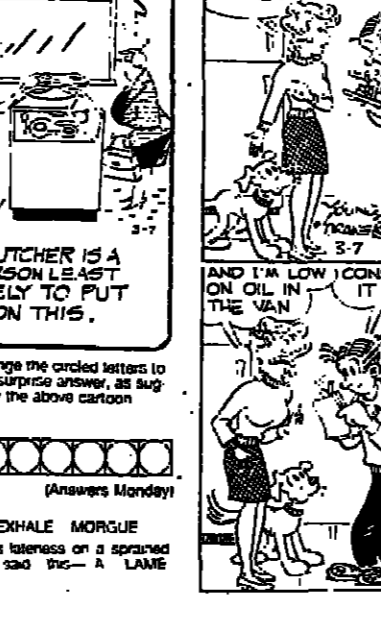
GAILE  
 HOT  
 REBAWE  
 YAXTIL

Answer here: \_\_\_\_\_

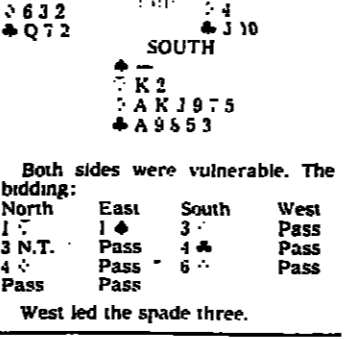
(Answers Monday)

Yesterday's Jumbles: SUAVE UNCAP EXHALE MORGUE  
 Answer: When he blamed his boss on a spanned ankle, the boss said this — A LAME EXCUSE!

## BLONDIE



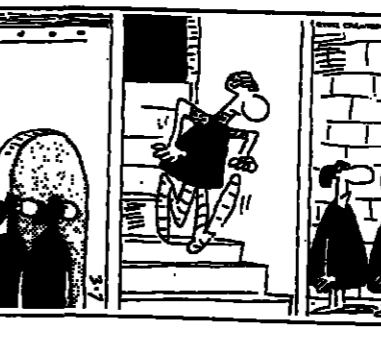
## PEANUTS



## BEETLE BAILEY



## CALVIN AND HOBBS



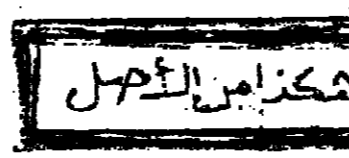
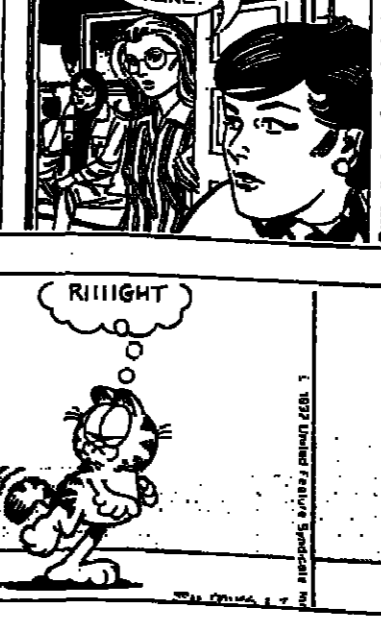
## WIZARD OF ID



## REX MORGAN



## GARFIELD





DAVE BARRY Asking for a Date

M IAMI—As a mature adult, I feel an obligation to help the younger generation, just as the mother fish guards her unhatched eggs...

Mad, Bad People in a Very Weird Place

By William Booth

TAVERNIER, Florida — The water out here is as clear as a glass of vodka, and about three fingers deep...



The Florida author Carl Hiaasen, here on his skiff, mixes crime and environmental wrongdoing.

crocodiles; they are lathered in coconut tanning oil and strangled with tourist curios, thrown into tree shredders...

PEOPLE

Quiet Michael Jackson Collects Another Award

There were 30 photographers, 16 television cameras and crews, dozens of reporters and flacks...

High-society in Boca Raton, Florida, is buzzing about the \$22-million spat between the newspaper and the countess...

It was a case of musical chairs in New York. Giuseppe Sinopoli was to have conducted the New York Philharmonic this week...

PERSONALS

O BRAVE NEW WORLD that has such people as I to a newspaper...

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